

OVERSEAS NEWS

Bolivia to seek debt rescheduling

By Mary Helen Spooner in La Paz

BOLIVIA'S month-old civilian government has issued its first economic package, establishing a fixed exchange rate of 200 pesos to the U.S. dollar, prohibiting all imports of non-essential goods and raising wages and prices for fuel, transport and basic food items.

In a speech before Congress, President Hernan Siles Zuazo announced that Bolivia would seek a further renegotiation of its \$3.8bn foreign debt.

Bolivia has missed two payments, totalling more than \$50m, to a group of foreign commercial banks. The payments were part of an agreement to reschedule about \$450m in debts from April last year until March 1983.

Foreign banking sources in La Paz report that Bolivia did deliver at least a portion of the payments due in September and October. Bolivia is thought to be able to meet its foreign debt obligations once Argentina resumes its payments for Bolivian natural gas, which have been in arrears since April this year.

The country's powerful labour federation, the Central Obrero Boliviano (COB), has vociferously opposed economic austerity measures aimed at placating Bolivia's foreign creditors. Sr Oscar Sanjines, president of the COB, said that some of the new economic measures were positive but criticised the 30 per cent increase in the minimum wage as insufficient.

Domestic electricity prices are to be increased by 150 per cent, petrol about 300 per cent, and air, rail and bus fares from 65 to 150 per cent.

Jimmy Burns reports on the mood of post-war realism in Buenos Aires Argentines take their UN win calmly

ARGENTINE popular reaction to the results to Thursday's Falklands vote at the UN has been notable for its tameness. There was no flag-waving in the streets, no mass gatherings in May Square. Even the state-owned television service recorded the news with surprising objectivity. All a very different scene to some six months ago. Then, the 90-12 vote in favour of an Argentine sponsored resolution would have been labelled by a well-oiled propaganda machine as a "major diplomatic victory."

There was understandable relief that British diplomatic counterlobbying had not proved as successful as it had at one point threatened to be, but this was counterbalanced by the realisation that what happened at the UN was really only a small step down the road to Argentine sovereignty over the Falklands Islands.

The diplomatic correspondent of the mass circulation newspaper Clarin, for instance, noted the comments made by British Foreign Office officials that Britain had not for one minute regarded the UN resolution as binding. Moreover, he pointed out the widely held view—shared privately by both British and Argentine diplomats alike—that negotiations on the future of the islands would become a probability only if and when Argentina's current military rulers handed power over to a democratically elected civilian government.

Argentine diplomats also believe that any serious progress in talks with Britain must await the political demise of Mrs Thatcher.

Some local commentators argued that the approval of Argentina's motion, and the

international attention given to it, proved that the Malvinas cause had not been forgotten simply because Argentina had been militarily defeated. Emotions were further stirred by the coverage given to a ceremony held in one of the country's major military

6 The armed forces are today slowly being identified as the main culprits of the worst political and economic crisis in the nation's history

barracks in honour of the fallen, and the implicit suggestion that hundreds of conscripts had not died in vain.

But other commentators noted that, for all the diplomatic coming and going, Britain and Argentina were back to the stage they were at in 1965 when UN resolution 2065 urged both sides to initiate talks on the future of the islands. The clear implication of such a view is that the Falklands war was little else than a terrible waste of lives.

Few Argentines, however, considered that fact that some British officials might view even such a "deja vue" as a major under-estimation of British domestic feeling in the aftermath of the war.

The lunatic fringe within the Argentine armed forces would no doubt like to use the results at the UN to pursue the kind of military brinkmanship that led to the invasion of the Falklands on April 2. British reluctance to negotiate in open defiance of the wishes of the

world's nations would be justification enough, they believe, to send Skyhawks and Mirages hurtling towards Port Stanley again.

The bulk of Argentina's military officers, including the present rulers, are however, disaffected from such action by a more sober assessment of the international and domestic context in which the Falklands issue is now being tackled. The resolution does not commit Argentina to a formal cessation of hostilities. However, it is generally recognised in Buenos Aires that Argentina would be hard-pressed to find international support for a fresh military adventure.

Latin American countries for a start would be extremely unlikely to extend their solidarity that far, and an alliance with the Soviet Union would be resisted by many conservative military officers.

Behind the scenes, all three branches of Argentine military officers—and indeed of the great majority of Argentines—is less the Falkland issue than the political and social pressures building up around the military regime.

The armed forces, which on April 2 were temporarily excused as the "courageous defenders" of Argentine nationalism are today being slowly identified as the main culprits of the worst political and economic crisis in the Nation's history.

Arguably this was already occurring before April 2 and didn't stop thousands of Argentines from expressing their jubilation in May Square immediately afterwards.

Argentine military thinking is nothing if not irrational at times, and no one here can predict with any certainty that the lunatic fringe might not at some future date take hold of decision-making again. The temptation to harass British forces on the islands if nothing

6 Some think that for all the diplomatic coming and going, Britain and Argentina are back to the stage they were at in 1965

else will grow with the approach of symbolic dates like the 150th anniversary of the first British occupation of the islands in January.

In the meantime, the over-riding consideration for the bulk of Argentine military officers—and indeed of the great majority of Argentines—is less the Falkland issue than the political and social pressures building up around the military regime.

The Buenos Aires Herald managed poignantly to summarise the dilemma faced by Argentina's military rulers in the postwar period. Alongside the headline "Resolution Passed at UN by 90-12" there was a large photograph of a baby with the caption: "Three-month-old Clara Anahi Mariani, one of many children of Italian origin missing in Argentina, is shown here in a photo released by her relatives who live in Milan. Baby Clara disappeared on November 24, 1976, after her mother and father were killed by Argentine police in La Plata (Argentina).

Until a few months ago,

Deng moves to oust opponents from key military commands

BY TONY WALKER IN PEKING

EFFORTS by Deng Xiaoping, the Chinese leader, to strengthen his faction's control over the more than 3m strong people's Liberation Army (PLA), is leading to a spate of forced retirements of aging military commanders as part of an extensive reorganisation of senior ranks.

In the past week it has been revealed that new commanders have been appointed to three of China's 11 military regions. Dozens of other changes are pending in the PLA top command.

Deng appears to have wasted no time since the 12th congress of the Chinese Communist Party in September in his efforts to firmly place his stamp on the PLA, which has been a source of opposition to moderate Dengist policies.

Military commands which have recently changed hands are those of Nanjing, Canton and Chengdu regions. Of particular significance is the change in Canton, which has long been regarded as a fiefdom of Deng's opponents.

It is an area in which aging Marshal Ye Jianying, nominally the number two man in the Communist hierarchy, has had solid support. The 83 year old Ye is widely regarded as the foremost nagging critic of Deng's reformist policies.

All three new military commanders were elected to the party central committee at the September congress. It would be reasonable to class them as Deng supporters.

Speculation surrounds the future of General Li Desheng, the powerful commander of the Shenyang military region and Politburo member. General Li, believed to be another formidable Deng opponent, may soon be given a new job in Peking.

Deng, chairman of the Military Affairs Commission—China's top military position—appears to be "spring-cleaning" the military in the same way that his proteges have carried out reforms of the bureaucracy and of the party.



Deng Xiaoping: 'spring-cleaning'

Immediately after the 12th party congress Wei Guoqing, the PLA's 76-year old political commissar, was removed from office, apparently because he incurred Deng's displeasure over the publication in the army newspaper on the eve of the congress of an article criticising Dengist policies.

Another important change at the top notified in recent weeks was the appointment of General Liu Huaqing as the new navy commander. General Liu is identified solidly with the Dengist faction.

It appears likely that China will soon have a new Defence Minister. General Geng Biao, the present defence chief, lost his position on the Politburo at the recent party congress. He is said not to be particularly popular with the military which has done badly in recent years in the allocation of resources for defence modernisation.

Zhang Aiping, a deputy chief of the general staff and Deng ally, is one name being mentioned as a possible replacement for General Geng.

Labor victory in S. Australia election

BY COLIN CHAPMAN IN SYDNEY

THE LABOR PARTY swept into power in the South Australian elections at the weekend with a swing of more than 7 per cent that bodes ill for Prime Minister Malcolm Fraser's Liberal Party, making it virtually certain that the Government will run its full three-year term until the end of 1983.

Had Dr David Tonkin's state Liberal government in South Australia been able to hold on, intensive speculation about an early election would have been rekindled, even though Mr Fraser's two weeks in hospital undergoing surgery for sciatica has virtually ruled out a poll before Christmas.

The new premier of South Australia is Mr John Bannon, 39, who

campaigned on the issues of unemployment and economic policy, and who upon election immediately called for a bipartisan consensus in tackling the serious problems facing the state.

The major employer in South Australia, Mitsubishi, has had to introduce a four-day week at its car plant, and another major manufacturer of white goods is facing severe problems.

Labor is now in power in Australia's three major industrial states: New South Wales, Victoria and South Australia. The Liberals hold office in Western Australia and Tasmania, and the National Party holds the reins in Queensland.

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Romanian decree on hard currency risks trade status

BY LESLIE COLLIT IN BERLIN

ROMANIANS seeking to emigrate to the West will have to reimburse the government in hard currency for the cost of their past education and training, according to a decree signed by Romania's President Mr Nicolae Ceausescu.

The new law appears likely to lead to serious friction with the U.S., which told Romania it faced the loss of most-favoured-nation trade status if it further restricted emigration.

Western diplomats in Bucharest noted that last month, the U.S. Assistant Secretary of State for human rights, Mr Elliot Abrams, was in Romania to express concern at the situation. U.S. Congress had sharply criticised Romania's tough emigration regulation. He said that if Romania were to force its emigrants to repay the government in hard currency for what it had spent on them, then Congress would almost certainly refuse to renew most-favoured status for Romania next year.

Earlier this year, President Reagan indicated Romania faced the loss of most-favoured privileges if it continued to restrict Jewish emigration from Romania. This has dropped to less than 50 a month from more than 800 a month a few years ago. There are an estimated 50,000 Jews still in Romania.

The new law says that before leaving the country, emigrants will also have to pay support in hard currency for dependents left behind. Between the time they get permission to leave and their actual departure, they will have to pay for medical treatment and other services in western currency. However, the possession of hard currency by Romanians is forbidden.

The decree also stipulates that the property of Romanians who emigrate will fall to the state. Romanians leaving the country illegally are to be sued in Romania or in the West until they pay their debts, the law notes. Similar regulations exist in the Soviet Union and Czechoslovakia.

Spadolini returns to face new crisis

By Rupert Cornwell in Rome

SIG GIOVANNI SPADOLINI, the Italian Prime Minister, returns to Rome today confronted by political difficulties which many analysts feel could bring about the demise of his second five-party coalition, barely three months after its formation last August.

Normally, a trip abroad by an Italian Premier (in this case to the U.S.) is a signal for temporary political truce at home. On this occasion, however, it has coincided with an unprecedented exchange of public insults between senior Christian Democrat and Socialist Ministers.

They have reflected not only personal animosity, but the apparent fundamental inability of their two parties to work together.

The row involves Sig Nino Andreatta, the Christian Democrat Treasury Minister, and the Socialist Finance Minister, Sig Rino Formica. It would usually be little other than a decreasing curiosity—except that they are the two members of the government most directly responsible for the stabilisation package now before parliament. The package is vital if Italy is to begin to bring its inflation and runaway public sector deficit under control.

The country's economic problems were again underlined at the weekend, this time by trade figures showing a deficit of Lire 2,179bn (\$1.5bn) in September alone, and one of Lire 1,773bn (\$9.4bn) over the first nine months. Inflation is again running at 2 per cent a month, while the government's borrowing requirements for 1982 will top 15 per cent of gross domestic product.

From the U.S., Sig Spadolini was forced to call an emergency meeting of his economic ministers and parliamentary leaders last night to calm things down. The signs indeed are that neither Socialists nor Christian Democrats really want the latest hostilities to spill over at once into a full-scale government crisis.

But the view is widespread that the administration will be lucky to survive the month; the names of possible successors to Sig Spadolini are being freely bandied around, as is open talk of general elections some time next spring.

Anthony Robinson in Moscow on the 65th Great October Revolution anniversary

Moscow has a well-rehearsed celebration

GREAT OCTOBER Revolution Day began with a profound silence. It was the silence of a city garlanded with red flags, glittering with fresh white snow under a blue sky, hushed by a city centre cordoned off by successive lines of grey uniformed militia in shiny black boots and fur hats.

It is easier for a camel to pass through the eye of a needle than for a person without a propus (pass) to get within a mile of Red Square on Revolution Day.

Every night for the past week, it has been the same story as long columns of tanks, personnel carriers, mobile rockets and artillery have roared in convoys from their staging post at the former Moscow central airport field along the Moscow inner ring road, down Gorki Street and past the saluting base atop Lenin's tomb. Practice makes perfect.

Yesterday morning, as the Kremlin clock struck 10, the Politburo and the Soviet top military brass trooped up the stairs of the red marble mausoleum. Conspicuous by their absence were Politburo doyen Arvid Peltse, too fragile to attend perhaps at 85, and 78-year-old Andrei Kirilenko.

Soviet leader Leonid Brezhnev said after yesterday's Red Square military parade that the Soviet Union would deal a "crushing retaliatory strike" to any aggressor, Renter reports from Moscow.

Mr Brezhnev said: "Our might and vigilance will cool, I think, the hotheads of some imperialist politicians."

He mentioned no western leader or country by name, but his comments, published by Tass news agency, were clearly directed at the United States and the Reagan administration.

Mr Brezhnev, said it was not in the tradition of the Soviet Communist Party or the Soviet people to retreat

before the offensive which the "imperialists" had unleashed.

The Soviet leader continued: "We shall do our utmost to see to it that those who like military ventures should never take the land of the Soviets unawares."

"The potential aggressor should know: a crushing retaliatory strike will inevitably be in for him," Mr Brezhnev was quoted as saying.

The belligerent tone of the language was unusual for Mr Brezhnev and appeared to be part of a new tough anti-U.S. line which he set in a major speech to armed forces leaders on October 27.

In his traditional speech, Defence Minister Dmitry Ustinov, said Moscow was making great efforts in arms control negotiations with Washington on reducing medium-range and strategic nuclear missiles.

He went on: "The aggressive forces of imperialism, first of all the U.S., have raised their level of military preparations to an unprecedented level."

Accusing the U.S. of provoking armed conflicts globally and threatening the use of nuclear weapons, he said: "They have unleashed a political, ideological and economic offensive against socialism."

the speeches, the salutes and the echoing urrah, urrahs from the troops and then settled down to watch the military hardware on which they have spent so much roar past in clouds of blue smoke. Military attaches agreed that the parade was "old hat, the same ageing and sometimes obsolescent hardware as last year, except for a new variant armoured personnel carrier with a 30 mm cannon and a new variant Sam 8 surface to air missile. They've a lot more up their sleeve they're not showing us."

The next time I came across the demonstrators was half an hour later, as they crammed into the elegant Liberty-style gastronomic (food shop) on Gorki Street which, before the revolution, was called Yeliseyev's.

There, under the most elegant tear-drop cascade Liberty chandeliers I have ever seen, they queued amid delicious smells of smoked fish and roasted coffee for Cuban grapefruit, Hungarian chickens, Armenian brandy, Siberian vodka, three types of sausage and all the other delicacies piled up for the occasion. Further up the street the barricades were still in place to keep the riff-raff from getting closer.

Spain's top Communist quits after 20 years

BY TOM BURNS IN MADRID

SR SANTIAGO CARRILLO stepped down from the leadership of the Spanish Communist Party he has ruled with an iron hand for more than 20 years at the weekend after an acrimonious executive committee meeting which reviewed the party's disastrous showing in the October 28 general elections.

In the elections, the Communist presence in the 350-member congress was reduced from 23 seats to four and its 10 per cent share of the national vote dropped to 3.8 per cent.

Sr Carrillo, 67, said he would not resign his congress seat and he nominated to succeed him Sr Gerardo Iglesias, 37, a faithful 'carrillista' who is head of the communist branch of the Asturias region but is little known outside the party.

Sr Iglesias' nomination was expected to be accepted by the 104-member party central committee which was meeting today. Rank and file moves to block it appeared to have been quashed by a leadership announcement that there would be no circumstances be an extraordinary party congress to decide the succession issue.

Senior leaders of the military wing of the Basque separatist movement ETA were arrested in France over the weekend, David Houshege writes from Paris. The step is seen as an attempt by the French Socialist government to put pressure on ETA to negotiate with the incoming Spanish Socialist administration.

The arrests follow the killing of Gen Lago Ramon, the Spanish tank commander in Madrid on Thursday. Among the three leaders detained are Antxola Larranaga, said to be third in seniority in the movement.

West Germany's Free Democrats remain disunited

ONLY IN West Germany's Free Democrat Party, divided and disgusted with itself, could delegates to a party congress vigorously applaud a popular parliamentary deputy for resigning from the party.

But when Frau Ingrid Mathaeus-Maier, a leading figure on the left of a party which came to the podium just before midnight on Friday night to announce, with tears in her eyes, that she would remain in opposition to the present government of FDP and the conservative parties, she received the nearest the congress had so far shown by way of ovation.

For if those still loyal to 13 years of coalition with the Social Democrats that ended so abruptly in December, were in despair—and Frau Mathaeus opened the way for another spate of resignations—the majority of the 400 ordinary delegates at the Berlin party congress also seemed deeply dejected.

In his opening speech on Friday, Herr Hans Dietrich Genscher, who was re-elected as party chairman, said: "At the close of this party congress, the FDP must once again be a united party." In this aim he has failed.

Many delegates feared that the continued divisions would prove so unattractive to voters that the FDP would not be able to achieve the 5 per cent necessary for parliamentary representation at elections called for March 6.

Herr Genscher received only a 53.8 per cent majority for his re-election on Friday, against 90.2 per cent in 1980 and was criticised in a motion for the high-handed manner in which the party leadership shifted condition.

On Saturday, Herr Genscher managed to impose his authority on the delegates and to pass other motions, including continued support for Nato's nuclear missile policy, but these were generally by the slimmest majority.

By then, a group of 200 delegates and guests, mostly from the Young Democrats, but including such luminaries as Frau Mathaeus and the 86-year-old Herr Wilhelm Born, had abandoned the luxurious wastes of Berlin's DM1bn international congress centre for a grubby hall across the road, to discuss the formation of a new party of "social liberals."

The actual decision on whether to form a new party was put off until a meeting of grass roots organisations in Bochum on November 28, and Frau Mathaeus herself was extremely dubious about its chances. She warned that it would merely take votes away from the Social Democrat Party and the radical environmentalists and disarmament party, the Greens, to the benefit of Herr Genscher's new partners, the Christian Democrats (CDU) and Christian Social Union (CSU).

Herr Genscher can probably do without the young democrats and other left-wingers. But his new-look FDP will find it hard to pick up young votes and may have to look to the conservative bourgeoisie for the extra percentage points he needs to survive, for its showing is now likely to fall from the 4.3 per cent the opinion polls gave it before the party congress.

For those on the left and in the centre who decided to stay with the party, it was a painful three days. Faced with pressure from Herr Genscher and Count Otto Lambsdorff, the economics minister, they did not know where to turn.

When Herr Gerhart Baum, the left-wing champion and former interior minister, managed to achieve election as one of the three deputy chairmen, but by only one vote, he hesitated before accepting a post in which he will be constantly outvoted.

On Sunday, this group sat in agony through a speech by Frau Ingrid Adam-Schwaetzer the new secretary general and the only one of the eight women deputies to support the changing course; her attitude to social benefits would not have shamed Mrs Thatcher.

Delegates pointed out that the party had split before at a change of coalition partners, most recently in the switch from CDU-CSU to SPD in 1969. The difference is that this was not before an election, nor one that is only four months away.

James Buchan in Berlin assesses the FDP congress and its likely aftermath with elections only four months away

James Buchan in Berlin assesses the FDP congress and its likely aftermath with elections only four months away

THERE'S A LOT MORE TO LISTENING THAN HEARING.

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STATISTICAL TRENDS: TURKEY

تاریخچه اقتصادی

Warning lights on the economic road back

THE MILITARY Government in Turkey, which took power in September 1980, can claim some economic successes over the last two years. Gross national product grew by 4.4 per cent in real terms last year, after falling by 1 per cent in 1980, the second consecutive decline. Forecasts of around 4 per cent growth this year will give Turkey the highest rate in Europe, if achieved.

The rate of inflation fell substantially in 1981 but the initial successes have not been maintained during this year. Exports have risen dramatically, especially to the Opec countries, as have overseas contracts, again in the Middle East. A combination of the devaluation of the lira, export promotion measures and the state of the home market has pushed companies into export drives. The increased earnings in exports, workers' remittances, transit

fees and contracting profits brought the current account deficit down by \$1.5bn in 1981. The restructuring of Turkey's foreign debt and loans made by the IMF and World Bank have alleviated the severe financing difficulties experienced after the second oil price rise.

There are still problems, however. Several months ago, the IMF expressed anxiety about the possibility of continued falls in inflation, given the very rapid rate of monetary expansion. The existence of very high real interest rates encouraged the pouring in of money to the fringe banks, the most important of which, Banker Kasim, collapsed in July. The banking crash gave a shock to the whole economy. At the same time, hard-pressed companies have found the real cost of borrowing crippling high.

The State Economic Enterprises (SEEs), which account

for nearly half of Turkish industry, still require substantial state funding. The Government is trying to re-organise them and cut their workforces. Agricultural support prices have also risen much less in 1981 than in previous years.

The growth of agriculture has been disappointing compared to overall growth. While the share of agricultural exports has fallen, they remain extremely important. The growth of industry's share of GNP has not been matched by the same growth in employment. Agriculture still employed more than half the workforce in 1980. Land reform and major irrigation projects are necessary, but both have run into difficulties.

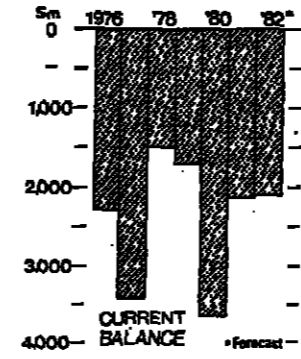
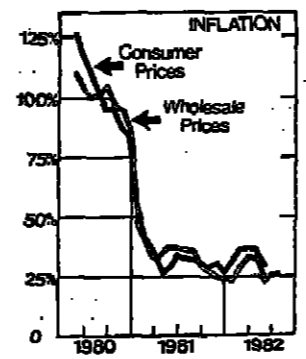
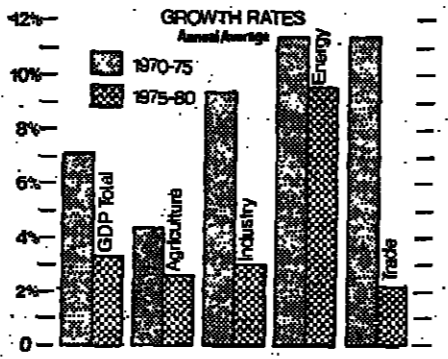
There are also potential problems with the export drive: the EEC has already protested about the level of Turkish clothing exports, and while a pact has been agreed this year, it could be a sign of more difficulties ahead. Spending cutbacks have started in many Opec countries, including Libya, which is a particularly important market for Turkey.

Turkish exporters are hoping to diversify, especially into North Africa, to avoid too heavy dependence on the Middle East.

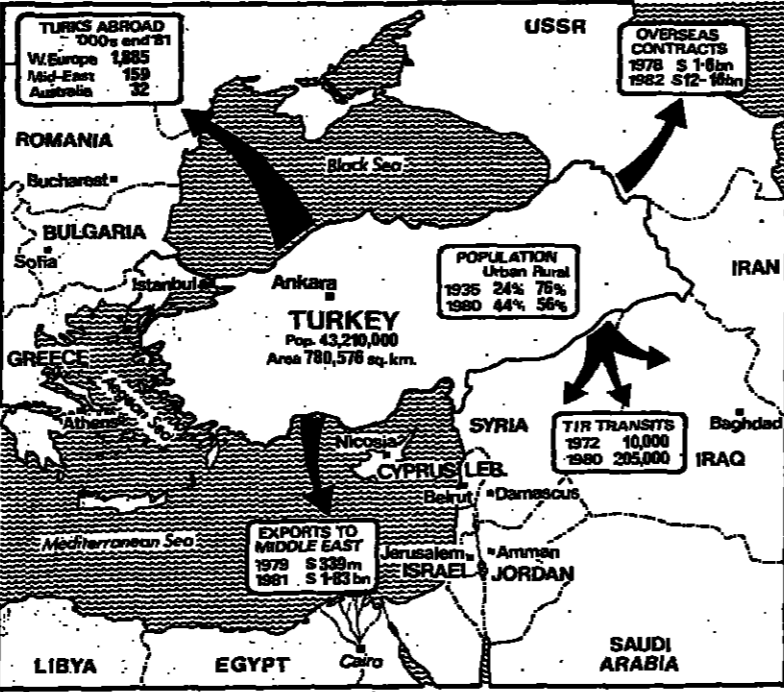
The burden of the military Government's austerity programme has fallen most heavily on wage earners, who have seen the real value of their wages fall very fast. Unemployment is high, and projected to rise further. The figures given here show only a trend; they understate the real extent of the problem in a country where agricultural underemployment is substantial.

Ten years ago, Turkey was producing half its oil requirements; today that proportion is down to one-sixth. Coal reserves are also running out, though lignite production could increase. Turkey's hydro-electric power potential is large, but at present its electricity consumption per head is the lowest in Europe.

General



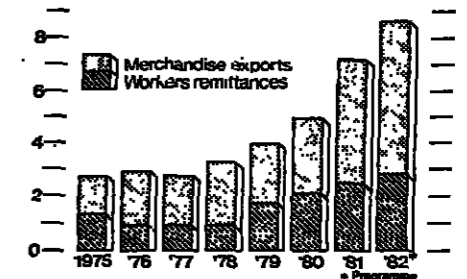
	1976	1981
State Investment Bk.	24.5	6.3
Budget contributions	34.0	56.0
Central bank loans	19.7	—
Foreign direct finance	8.0	31.8
Other borrowing	13.8	5.9
Total Tlbn curr. prices	47.7	424.8
% of GDP	7.2	6.7



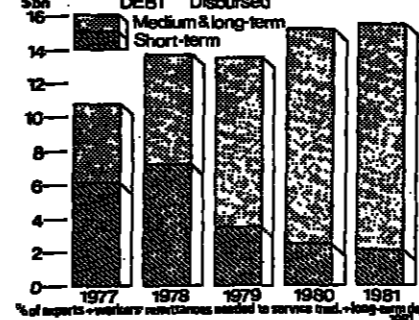
Labour

	1970	1975	1980	1970-75	1975-80
Total population	35,405	40,348	45,218	2.5	2.3
Civilian labour force	14,544	16,040	17,180	2.0	1.4
Employment	13,820	14,698	15,310	1.2	0.8
Agriculture	8,506	8,663	8,820	0.4	0.4
Industry	1,397	1,691	1,802	3.9	1.3
Unemployment	724	1,342	1,860	13.1	5.0

OVERSEAS EARNINGS



Debt



Agriculture

	Production '000 tons		Exports (US\$m)		% of total exports		Support prices % change	
	1980	1981	1980	1981	1980	1981	1980	1981
Cotton	500	500	323	348	11.1	7.4	100.0	26.0
Hazelnuts	250	350	395	302	13.6	6.4	193.3	13.6
Tobacco	234	200	234	395	8.0	8.4	83.4	16.7

Land use % 1980:
 Cultivated: 35.8, Water: 1.4, Meadow: 23.7, Forest: 25.9, Barren: 13.3, Total sq. km: 781,000

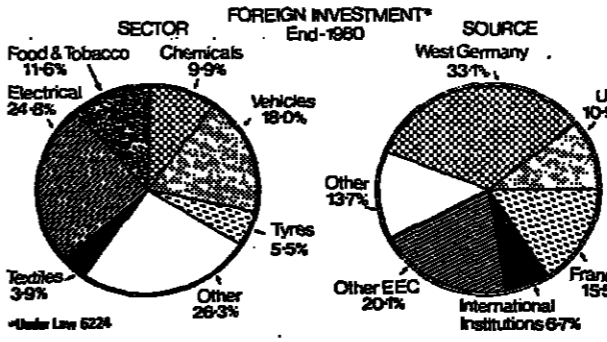
Trade

	1979	1980	1981	1982*
West Germany	21.9	20.8	13.7	12.4
U.S.	4.6	4.4	5.7	3.9
East Europe	7.7	10.7	2.7	3.9
Iran	0.5	2.9	9.4	11.3
Iraq	5.0	4.6	11.9	14.6
Libya	1.9	2.0	9.4	5.2
Saudi Arabia	0.9	1.5	4.0	4.9
Total U.S.\$m	2,261	2,910	4,703	2,952

Exports: Composition

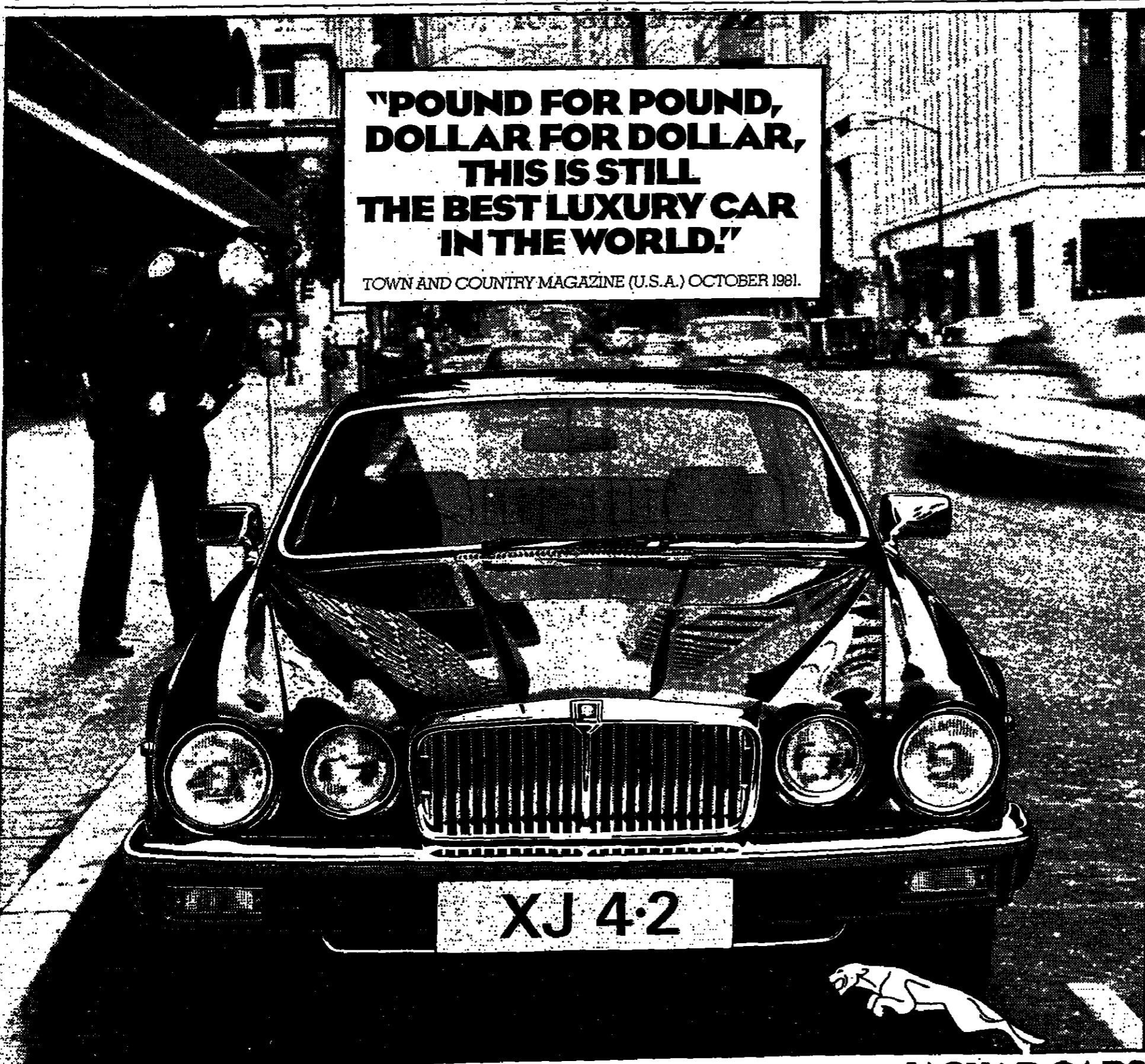
	1979	1980	1981	1982*
Agricultural goods	59.4	57.5	47.2	37.8
Minerals	5.8	4.6	4.1	3.3
Industrial goods	34.7	36.0	48.7	59.8
Agro-industrial	6.7	7.2	8.8	9.7
Petroleum products	—	1.3	2.3	4.6
Manuf. & semi-manuf.	28.0	27.5	37.7	45.5
Total U.S.\$m	2,261	2,910	4,703	2,952

Foreign Investment



Energy

	1974	1977	1981
Fuel oil	46	34	22
Hydro-electric	25	42	51
Lignite	18	18	24
Coal	11	6	3
Oil production 1970	70,000	b/d	
1981	47,000	b/d	
Annual consumption of electricity per capita	545	Kwh.	



"POUND FOR POUND, DOLLAR FOR DOLLAR, THIS IS STILL THE BEST LUXURY CAR IN THE WORLD!"
 TOWN AND COUNTRY MAGAZINE (U.S.A.) OCTOBER 1981.

Jaguar cars aren't just attracting high praise in America; they are also selling just as fast as we can export them. The plain fact is that no other car in the world is engineered to offer the same combination of effortless performance, supreme comfort and impeccable road manners. Especially at the price. Take the XJ4.2 illustrated. The famous fuel-injected, 6 cylinder XK engine propels you smoothly and silently to 127 mph.* Antidive suspension geometry and four-wheel, dual-circuit disc brakes return you to rest in the same unruffled manner. And the fully-independent suspension system, developed directly from race-track experience, gives a combination of tenacious road-holding and sublime comfort that is unique to Jaguar. In the lavishly equipped interior, standard appointments read like a list of expensive extras. A 10-outlet heating and ventilation system with separate controls for each rear-seat passenger. Fully reclining leather upholstered seats with adjustable lumbar support. Electric windows, remote control door mirrors. A four-speaker radio and stereo cassette system. Tinted glass. Centralised door-locking. Plus, of course, that most important built-in extra: blissful, restful silence. All this for £15,641. A price that tends to silence the competition, too.

JAGUAR CARS
 In pursuit of perfection.

Price based upon manufacturer's RRP and correct at time of going to press, includes seat belts, car tax and VAT (Delivery number plates and road tax extra.) Autocar Autotest 29.12.79. In case of difficulty arranging a test drive, please call (0203) 402121 ext. 228.

WORLD TRADE NEWS

Oil majors face tighter 'national' controls

BY BRIJ KHINDARIA IN GENEVA

DEVELOPING countries plan to tighten the terms under which they allow multinational oil companies to explore for petroleum in their territories and off-shore seas. After reviewing about 800 oil exploration contracts between developing countries and oil companies, the UN Conference on Trade and Development (Unctad) is suggesting creation of international guidelines or models which countries might use to negotiate such contracts. The purpose is to make it easier for developing countries to protect their long-term interests against erosion by profit-oriented private multinationals. There is also a move towards more deals with state-owned oil companies in the Soviet Union and Czechoslovakia as well as in West Germany, Canada, Norway and Japan. Since almost all third world oil producers have state-owned oil companies, that leaves less scope for privately-owned companies. The U.S. and Britain strongly oppose efforts to standardise contracts, but developing countries feel models are vital to ensure that they keep the upper hand over companies when oil is discovered. An Unctad study discussed at a meeting of experts in Geneva last week recommends that developing countries should further control multinationals by passing laws spelling out the precise framework within which petroleum exploration can take place and negotiations with the international oil companies can be conducted. The experts concluded that petroleum exploration contracts should promote "optimum transfer of all types of technology to developing countries." Developing countries supply 60 per cent of the industrialised world's oil needs and produce three times as much oil as they consume. Their consumption is expected to increase at least fourfold by the year 2000. In addition, their needs for electric power generation—a major consumer of petroleum—are expected to increase at least threefold making them a crucial market for exporters of power plants. About a third of the current electricity generating capacity

Countries in the developing world aim to ensure that they enter future negotiations with the international oil majors with enough expertise to become eventual senior partners and decision-takers in any joint ventures. They want to set their own national rules which companies must obey

of developing countries came on stream during the last five years, making them a booming market which has accounted for nearly half the world's trade in power plants. With such massive requirements, Third World countries expect to become the objects of a cut-throat scramble among Western suppliers of oil exploration and drilling equipment as well as electric power plants. Their aim now is to ensure that they enter negotiations with enough expertise and become the eventual senior partners and decision-takers in joint ventures. They want to set the rules which companies must obey. When India opened up its off-shore oil fields in the Arabian Sea for exploration by interna-

tional oil companies, including British Petroleum and Burmah Shell, it took two years to decide the terms to impose on the companies. The main features of existing contracts are the restrictions placed on international companies although without their help no developing country can successfully and develop, exploit or market local petroleum resources. The study recognises that "continue to act as the main suppliers of risk capital as well as important organisers of petroleum exploration in developing countries," but suggests that their profits-requirements may make Third World co-operation with them more difficult.

The risk now is that more Third World oil will have to be sent to industrialised countries if and when economic recovery takes hold, leaving smaller quantities for use by developing countries. Oil prices may be bid up to levels which poorer nations cannot afford bringing a halt to economic development. It is thought that only tougher controls on all company activity can ensure adequate oil supplies at reasonable prices for developing countries later this century. Consequently, "stricter and more specific conditions" in oil exploration contracts would include obligations to hire local nationals, give scholarships to train local staff, buy locally-made materials, inputs and more disclose vital information and hand over equipment to local companies when the contract expires. According to the International Atomic Energy Agency, nuclear power will become an attractive alternative to oil-based electricity in coming decades as at least 15 Third World cities expand to more than 10m people, led by Mexico City with 30m and Calcutta with 25m.

Sino-UK trade set for upturn, says Nelson

By Tony Walker in Peking

BRITISH TRADE with China appears set for an upturn, after several years in the doldrums. That at least, is the view of Lord Nelson, chairman of the Sino-British Trade Council, who is visiting China. Lord Nelson has reasonable grounds for optimism. British companies appear well-placed to win a share of contracts in the modernisation of sectors of the Chinese economy. Areas of promise for British industry appear to include: • Offshore oil development • A proposed nuclear power station for Guangdong province • A huge coal development in the south-west • Modernisation of existing industries by transfer of technology • The upgrading of coal mines to doubling production to 1.2m tonnes by the year 2000. The General Electric Company of Britain, of which Lord Nelson is chairman, is part of a putative Anglo-French consortium bidding to supply components for a twin 900 Megawatt nuclear power station in Guangdong Province, South China. GEC would supply the turbines and Framatome of France would supply reactor technology for the project, estimated to cost about US\$60m. China has decided in principle to go ahead with the scheme. Lord Nelson said in Peking that after talks with Chinese officials, including Zhao Ziyang, the Premier, he was confident the project would go ahead. "It is now for the Chinese to decide at an early date which nuclear reactor they require," he said. The French company, he noted, had already done a lot of work in China. Lord Nelson would not be enthusiastic unless a British company was involved in the project. It is proposed the Hong Kong Power Utility, China Light and Power, and Guangdong province form a joint venture to build the power station. Foreign exchange costs could be paid over a 25-year period by the sale of power to Hong Kong. Lord Nelson revealed that senior officials from the Guangdong provincial government and from the Ministry of Electric Power in Peking would go to Britain and France this month to discuss the nuclear power project. "It will be an important step in reaching a decision," he said. Lord Nelson's Sino-British trade group includes senior executives of such companies as Babcock Contractors, Gullick Dobson, and John Brown Engineers. Sino-British trade in the six months to June this year showed business was running two-to-one in China's favour. British exports to China totalled \$44.6m and imports were \$10.6m. In 1979, trade was two-to-one in Britain's favour. Lord Nelson said the Chinese had expressed the hope that British companies would be involved in the south-west coal development scheme. A four-nation consortium of West Germany, France, Belgium and Spain has been formed to examine the feasibility of the Guizhou project in South China. Foreign exchange costs of the project in the order of U.S.\$20m would be paid in coal supplied under compensation agreements to the four countries. As Britain is not a coal importer it was not considered as a participant in the consortium, but Lord Nelson has been led to believe that British companies will take part in the scheme in "one form or another." Another project touched on in the talks was offshore oil development in which British Petroleum is a frontrunner among companies poised to win exploration agreements and local mine modernisation.

Airbus disputes Thai move to cancel A-300 deal

BY JONATHAN SHARP IN BANGKOK

AIRBUS INDUSTRIE has rejected an attempt by Thai Airways International to cancel its order for the Airbus A-300-600, airline officials say. Last month the Thai airline announced it was dropping plans to buy the two Airbus aircraft which would have been its 11th and 12th purchases of equipment produced by the French-based European consortium. Instead it said it was opting for two of the new Boeing 787s. A delay in delivering the Airbus, resulting from late arrival of the U.S.-made engines, was given by the Thai's as the reason for the cancellation. A dismayed Airbus Industrie has refused to accept the decision, and is threatening to withhold a refund of nearly \$3.5m, say airline officials. In an effort to regain the order, Airbus has offered to trim \$10m off the price of each aircraft, but so far Thai Air has shown no sign of changing its mind. Airbus Industrie asserts that Thai Air could not cancel the contract for reasons which were beyond the aircraft company's control and not due to its fault or negligence. Our World Trade Staff adds: The apparent loss of the deal to Boeing is a blow to Airbus, which in recent years has emerged as the U.S. company's toughest competitor for commercial aircraft sales. It is the first major deal by Boeing for its new 787 in the Far East in a year. Minority financing for the deal is already being arranged by Japan's Export-Import Bank at a 9.2-per-cent interest rate, against majority financing at 10 per cent from the U.S. Export-Import Bank. The two aircraft are reported to cost about \$120m. • The U.S. Export-Import Bank has started discussions with Alitalia of Italy on financing arrangements for McDonnell-Douglas DC-9 Super 80 short-range aircraft, agencies report from Washington. It is expected that the DC-9's will be powered by twin-jet engines manufactured by Pratt and Whitney. Total value of the 30 aircraft package and related services could amount to about \$1bn.

SHIPPING REPORT

Lay-up berths are filling fast

BY ANDREW FISHER

LAY-UP BERTHS are filling fast as more owners send their ships to wait out the crisis rather than trade at low freight rates. Greek owners in particular have chosen to lay up rather than look in vain for profitable business. Howard Houlder (Chartering) said last week that some 12.3m deadweight tons of bulk and ore carriers—344 ships in all—were laid-up at the start of November. Nearly 6m dwt of this was under the Greek flag. Greek owners were also heavily represented in the tanker sector, where the lay-up total, including combination carriers, was nearly 68m dwt or 440 vessels. After the 18.8m dwt of the Liberian flag, heavily used by western fleets, it was Greece which made up the largest share with 11.5m dwt, closely followed by Norway. Most shipbrokers reckon it will be some time before rates may have bottomed out," it felt. The Atlantic market was holding firm, with \$7-7.25 per ton for grain from the U.S. to continental Europe. The Far East market remained dismal, though. In the tanker market, inquiries were low.

Panamax vessels—around 60,000 dwt and able to go through the Panama Canal—which needed the highest rates to cover their operating and financing costs were often being paid least. But Denholm Coates did have a faint touch of optimism. "Rates may have bottomed out," it felt. The Atlantic market was holding firm, with \$7-7.25 per ton for grain from the U.S. to continental Europe. The Far East market remained dismal, though. In the tanker market, inquiries were low.

UK groups win £46m Algeria hospital deal

BY FRANCIS GHILES

TARMAC International and Clasp International of the UK have been awarded a contract worth £46m by Algeria to build four hospitals in the western region of Messera. The contract is the first ever in Algeria for both companies. A £27m loan has been arranged by Midland Bank to finance the project. The loan is backed by the Export Credit Guarantee Department. Clasp is the subsidiary of the Consortium of Local Authorities Special Programmes which has specialised in designing prefabricated schools and, more recently, hospitals. Clasp representatives visited Algeria after an earthquake two years ago devastated El Assnam, near Mascara. Clasp will design and build the hospitals which will be shipped in prefabricated form to Algeria and set up there by Tarmac International. Algeria is one of the largest importers of western civilian goods. The current five-year economic plan, 1980-84, has given priority to housing, schools and hospitals. Imports of prefabricated elements for these sectors were worth about \$1.5bn in 1981.

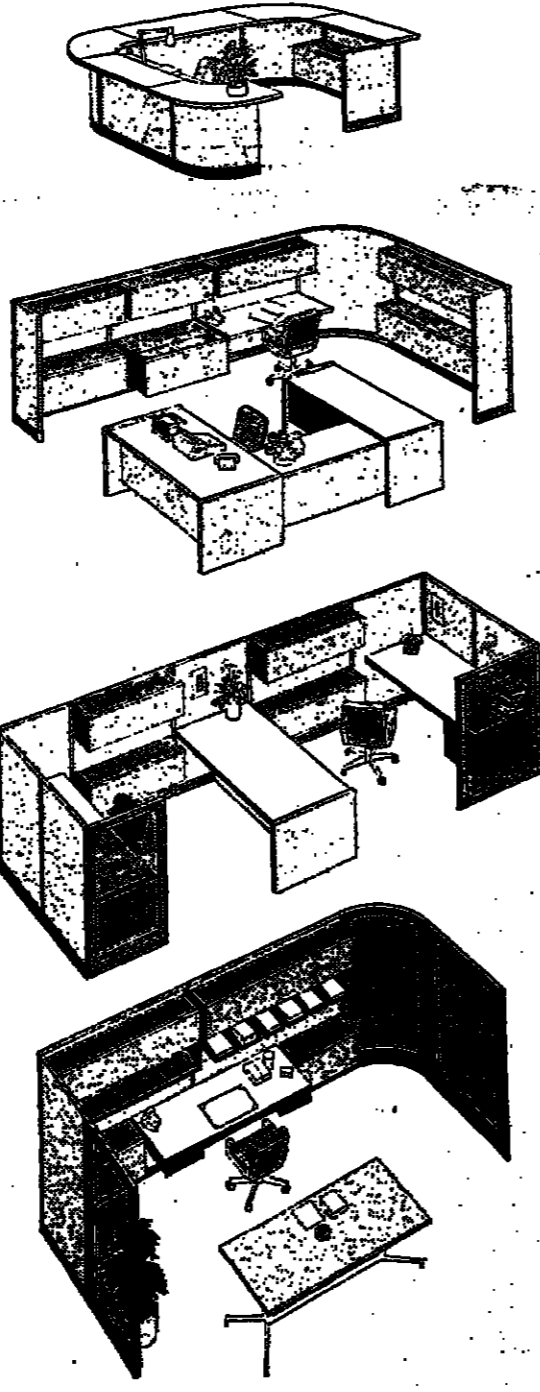
Productive.

You probably know that Westinghouse has pioneered new and efficient ways of generating, distributing and utilizing electricity, so that industry can be more productive.

The same pioneering spirit has been channelled into the office environment by developing what we believe is the most productive office furniture system available today, the Westinghouse Open Office System.

No other system caters so effectively for two conflicting human traits — each individual in the office needs human contact, but each also needs his or her own personal working space. Research and many years of practical experience have proved substantially that meeting these demands results in office workers becoming more content, more efficient and so more productive.

The Westinghouse Open Office System is a co-ordinated group of panels, work surfaces, shelves, storage compartments, lighting fixtures and chairs, flexible enough to meet the precise needs of particular job functions and the needs of each individual person. Wall-mounted paperflow systems leave desk space uncluttered. And Westinghouse experience in electrical distribution has been



utilized to provide a self-contained power and communications system. This means the electronic office of the future can be integrated with the work environment of today.

Using the standard modules, work-stations of many shapes and sizes can be formed. Every expensive foot of floor space can be made more productive.

The system responds rapidly to demands for office re-organisation or growth. A single office can change shape in minutes, a whole floor in several hours — without using skilled labour.

All this adds up to the simplest, most flexible, most easily re-arranged system of its kind. Compared with conventional fixed-partition offices, you save up to 20% in floor space and up to 97% in re-arrangement costs. Your staff function more effectively, in less space, at lower cost. Yet individual needs and tastes are not forgotten.

We know because we use the system ourselves, world-wide.

To see how this flexible system can make your own office more productive, visit the new Open Office System showroom, 12-16 Fitzroy Street, London W1, or phone 01-631 1528 to arrange an appointment.

This is Westinghouse.

Helping offices to be more productive is just one way technological leadership has made Westinghouse one of the great driving forces behind world industry. Westinghouse offers you a strongly developed network of facilities here in Britain with access to all our capabilities world-wide — everything from research, development and specialised design to products, systems and services. The full story is in the booklet, "This is Westinghouse." For a copy, please write to the Marketing Director, Westinghouse Electric Group, Regal House, London Road, Twickenham, Middx TW1 3QT. Telephone 01-891 5151.



World Economic Indicators

Table with columns for Country, Month, Exports, Imports, Balance, and various indicators for different countries like UK, US, France, Belgium, W. Germany, Japan, Italy, Netherlands.

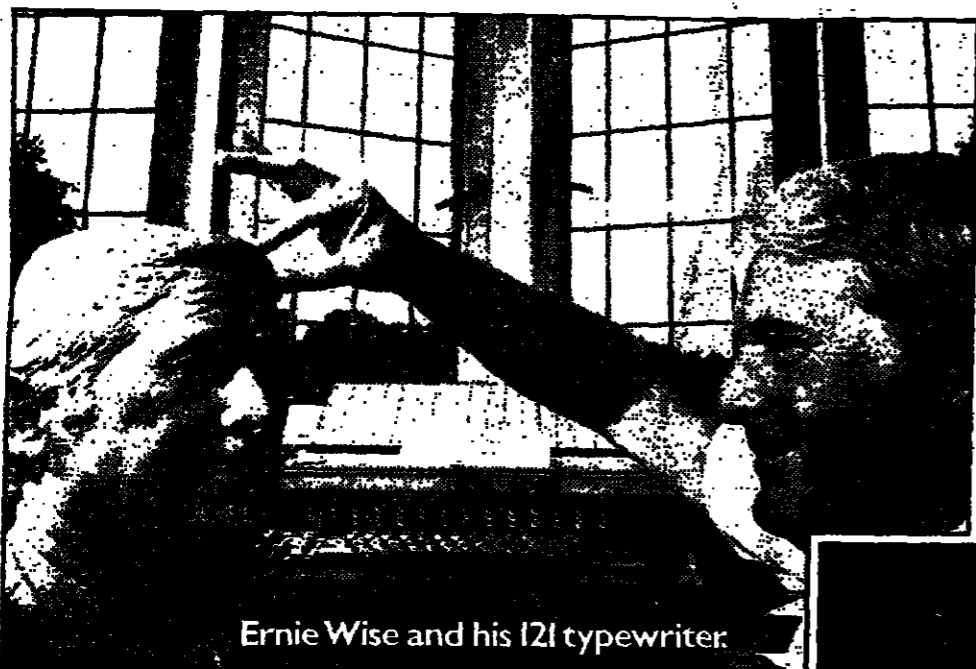
BASE LENDING RATES

Table listing various banks and their base lending rates, including A.B.N. Bank, Allied Irish Bank, Amra Bank, etc.

Advertisement for Cardhu Highland Malt Whisky, featuring a landscape illustration and the text 'Cardhu, 12 year old highland malt whisky, distilled in strictly limited quantities since 1824. Bottled by John Walker & Sons Ltd, Kilmarnock, Scotland.'

Handwritten text at the bottom of the page, possibly a signature or note.

Does your company need typewriters or word processors? Take a line from people who write for a living



Ernie Wise and his 121 typewriter.

When you think about it, who better than writers to discuss the pros and cons?

It's a subject they have at their finger tips. And one they explain with far more verve than we ever could.

Furthermore, they're on the side of the angels: they don't want to sell you anything.

So let's call first on Ernie Wise.

All right, Ernie? You're on:

Ernie Wise and his one liners.

"When the goddess of inspiration rests her gentle hand upon my shoulder and the pages of great drama unfold before my eyes, my Olivetti wondrously facilitates the plays wot I write."

Ernie uses the 121, our basic electronic typewriter.

It's quieter than the old electric machines and has far less to go wrong. (The golf balls use some 2500 moving parts, our electronic typewriters have just 100.)

We replaced all the old levers, swivel joints and springs with sensors and microchips. And instead of handfuls of clattering keys, we use a daisy wheel with the letters on little stalks.

"I spend hours every week typing out jokes onto a card index. I never throw anything away. I have jokes going back 20 years (no funny remarks please, I'm the comedian)."

Although the 121 can remember one line, I'm thinking of upgrading it with an outside memory so I can put all my jokes on file."

Jilly's agony in the garden.

(We don't have room to feature a writer who uses one of our most popular typewriters, the 221, which can store two lines of type.

Nevermind, we have a similar machine that can remember seven pages, the 231, and this is the one Jilly Cooper uses.)

"Because my articles read easily people think writing comes easily to me. In fact, I agonise over every word.

I write and re-write and re-re-write dozens of times as the chaos of my mind comes to order on the page.

The labour involved! Whoever invented the phrase 'I wore my fingers to the bone' must have been a writer on an old manual.

To save time I used to cut up the good bits and selfotape them together, often ending up with an Andrex of typescript. Now my Olivetti memorises everything I write. I can edit on the machine. Boss it around. Take this out, put this in, print it. And it will, incredibly quickly.

My neighbours are relieved I've got an Olivetti too. In summer I work in the garden (trailing yards of electric cable). My old typewriter was like a machine gun. But even outdoors my Olivetti sounds as if it's behind double glazing."

Above it all in London. Away from it all in Barbados.

"I have a great idea for your advertisement. The headline says: 'I would never under any circumstances use a word processor. But my secretary was sure glad when I bought an Olivetti'."

(As Mr. Archer seems to have the golden touch we didn't argue.)

"I write most of my books long-hand in Barbados. When I return to my London flat I give each page to my secretary

who types a perfect, clean, pristine draft.

I then write all over it. The pages look like a spider's web. And she re-types it.

Even if I just change a comma I like it typed again. The neatness challenges me to improve it."

The machine which responds to this challenge is our first machine with an external memory bank, the Olivetti 351.

It stores information on floppy disks each of which can memorise fifty pages (and you can change disks in a second) so you can build up a filing system in negligible space.

Six disks and you have the whole of Kane and Abel. Another five and you have Jeffrey Archer's latest book of short stories, A Quiver Full of Arrows.

check how I described him at various times over the last year, I'll tell the word processor to print out every word I've written about the character.

As my books have an historical background, they have to be accurate. If at the end of a book I find I've got a date wrong throughout, I can tell the machine to search out every wrong date and correct it.

I researched my latest book, 'Good Bye Mickey Mouse' for seven years, and used an Olivetti word processor as a sort of computer storing all relevant detail.

I had to write hundreds of letters to surviving USAF aircrew who served in Britain (often the same letter with one or two different paragraphs). The Olivetti printed them all, making amendments as I directed.

I confess I do expect a high degree of service from big organisations, but look at it this way - if my word processor breaks down so does my business.

I have to say that Olivetti's after-sales service is every bit as good as their pre-sales talk."

The cost of memories.

You can buy our machines for cash but nowadays most companies lease them. To give you a rough idea of the cost, Ernie Wise's 121 will set you back about £5 a week.

Jilly Cooper's 231 is twice that a week.

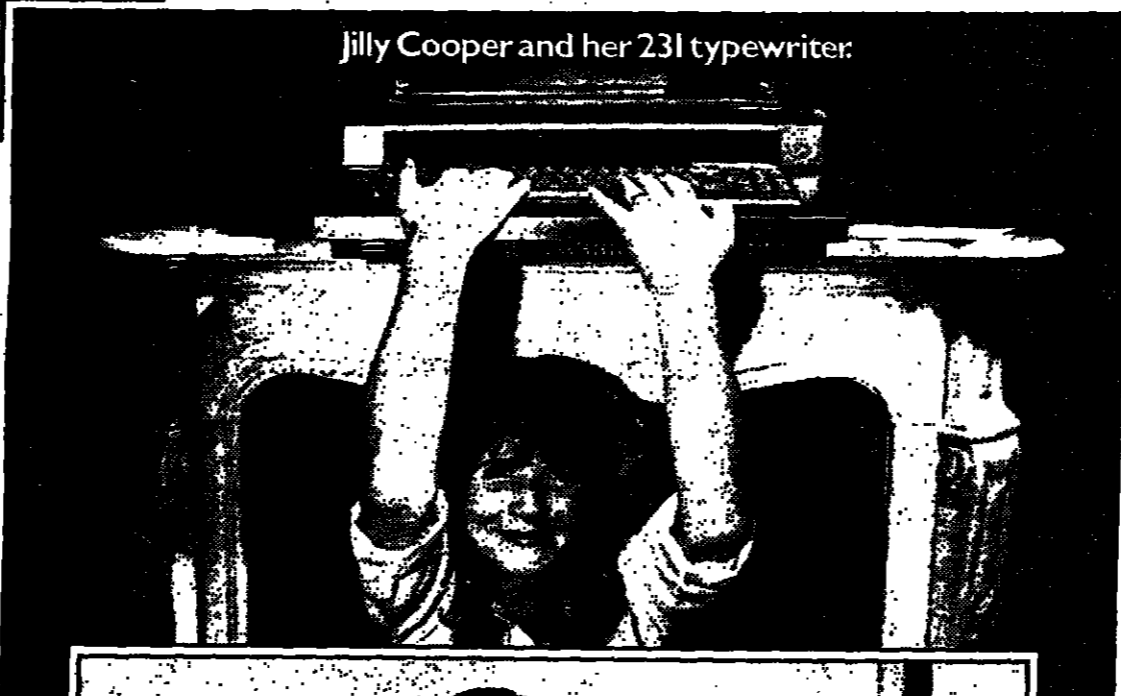
Jeffrey Archer's 351 with the external memory will cost around £16 a week.

Len Deighton's ETS 1010 with keyboard and printer is in the region of £28 a week.

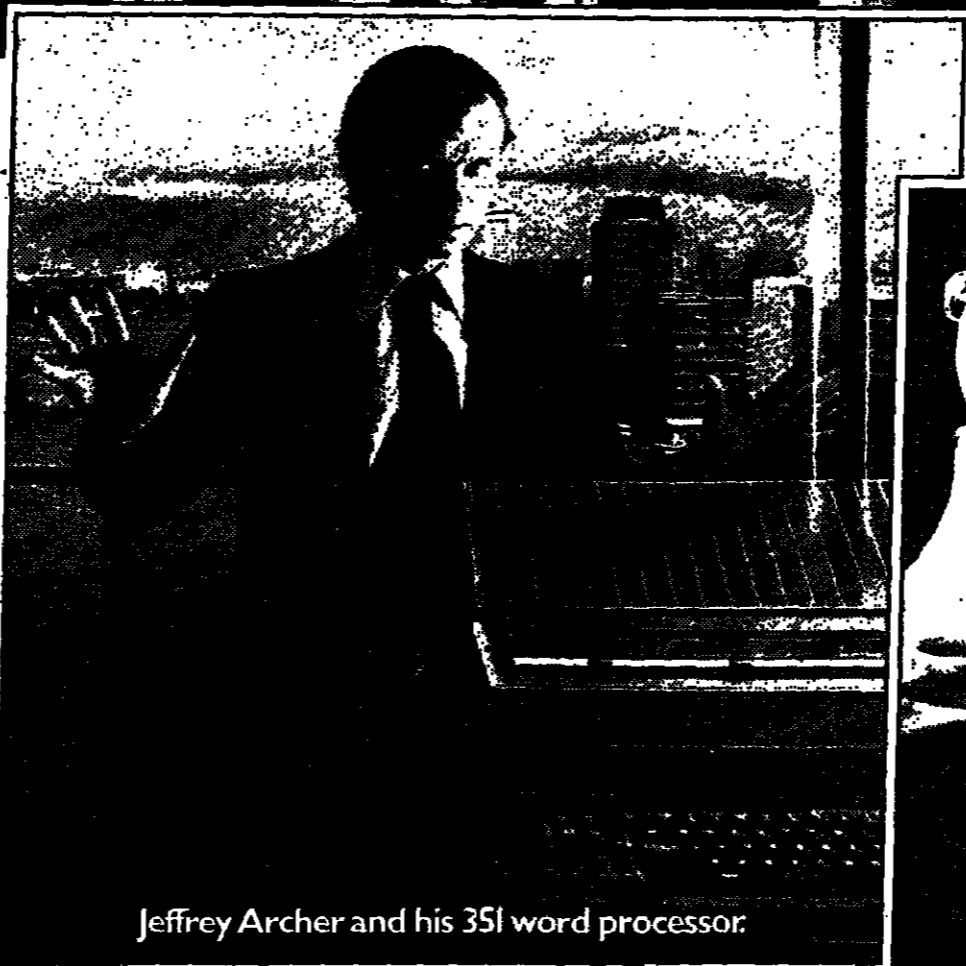
Whereas our new, massive 1020 with, say, a 15,000 page memory, four work stations and daisy wheel printer works out around £145 a week over a five year period.

The relevant brochures are waiting here in their envelopes.

If you'll send us the coupon we will post them to you immediately.



Jilly Cooper and her 231 typewriter.



Jeffrey Archer and his 351 word processor.

In other hands, the same disks can store the entire house conveyancing documents; the usual will; insurance contracts, in fact, any standard letter or document.

All you have to do is tell the word processor what changes you need to make the document an individual one. Cleverly and speedily it will type in new names, new paragraphs, new headings, respacing the pages as it goes.

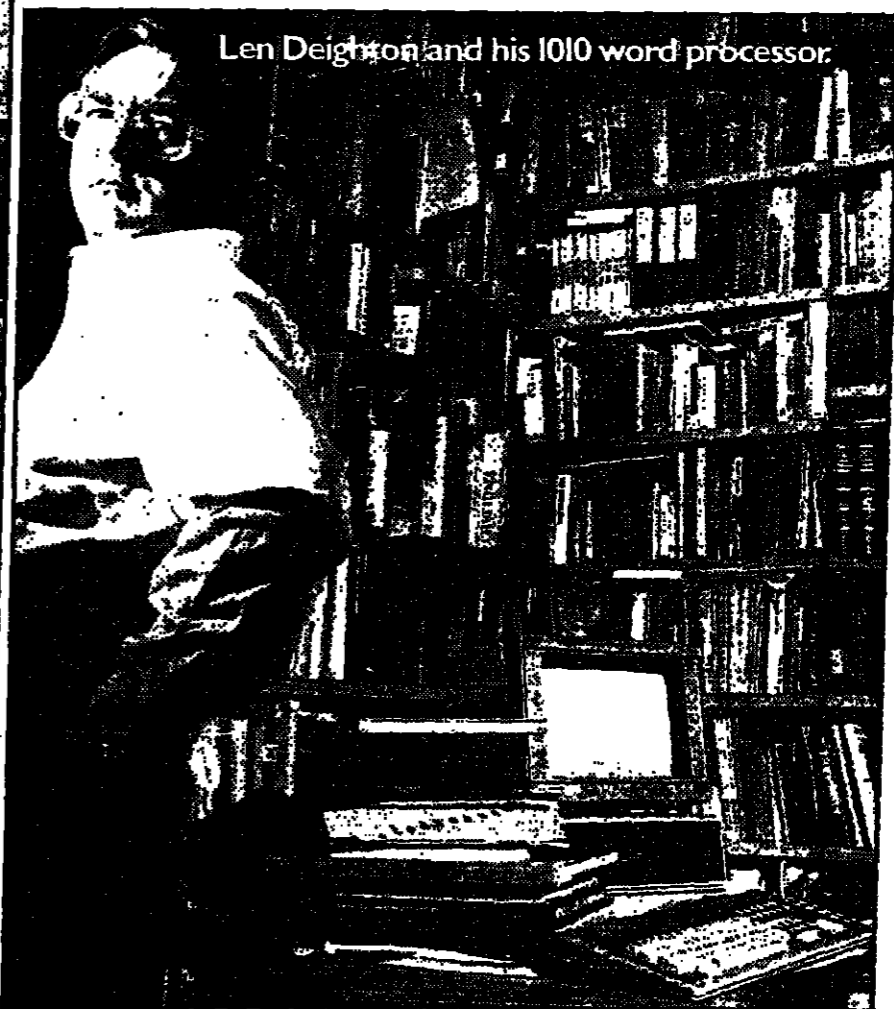
Good Bye Mickey Mouse. Hello Olivetti.

If Jeffrey Archer uses his secretary as a word processor, Len Deighton uses his word processor as a secretary.

He has our ETS 1010 with its VDU (Visual Display Unit) key-board and printer. And he uses it constantly. For example:

"If I'm describing a character I will put that piece of writing into a 'Save' file on the machine.

Each character has his own section. So whenever I want to



Len Deighton and his 1010 word processor.

Please send me details of the:

ET 121 ET 221 ET 231 ET 351 ETS 1010 ETS 1020

Name _____ Position _____

Company _____ Address _____

Tel. _____

Send to Valene Belfer, British Olivetti Limited, 86-88 Upper Richmond Rd., Putney, London SW15 2JR. Telephone: 01-785 6666.

olivetti

UK NEWS

Hoteliers wake up to the trend towards king-sized sleeping

By Arthur Sandles

THE DOUBLE bed is making a come-back. Hotels from Aberdeen to Albuquerque, Hong Kong to Hamburg, are finding that travellers are returning to an old-fashioned habit—sleeping together.

The Holiday Inn chain was first to note the trend on an official basis.

"Over the past two years it has become particularly noticeable," says the biggest hotelier in the world, based in Memphis, Tennessee.

"When two people take a room, more and more we are finding that only one bed is slept in."

The trend is as strong in luxury city centre hotels as in country inns.

"It is true. We are getting a very strong demand for double beds these days, people are insisting on them, particularly American travellers," says London's glossy Bristol hotel.

Crest Hotels, which has properties up and down the English countryside, is baffled by the trend. Crest customers travel-

ling together seem reluctant to part when the lights go out. All the group's new beds are double.

Even Trust House Forte, always a little coy when there is a hint of naughtiness, admits that the togetherness habit has bit their properties as well.

It seems that business travellers are the ones who are really into large beds.

Some hoteliers reckon it is because more companies are allowing executives to travel with their spouses; that executives are younger than they used to be; and that the 50s and 60s fad for separate sleeping has given way to the king-sized era of an earthy acceptance that it is nice to be near.

The move has considerable economic implications, not least for bed makers and hotel room designers.

A one-bedded room is easier to furnish, and it is easier to add a child's bed if parents bring offspring.

Even the solo traveller seems

to like a bit of spacious sleeping these days, so the writing may be on the wall for the single bed.

Bed manufacturers which supply the hotel trade report a move towards the bigger bed, both single and double.

"Larger beds are definitely increasing," said Mr David Hicks, chairman of Bernard Hicks which supplies Trust House Forte, among others. "If you'd spoken to me seven-to-10 years ago, the orders would have been higher demand for beds which zip together, especially from the five star hotels."

Hotels in this country were moving towards the Continental metre-sized bed which is three inches wider than its British counterpart. Many of them zip into 6ft 6in doubles. Some hotels were choosing 6ft-wide double beds instead of the old 4ft 6in, Mr Hicks added.

Mr Michael Heal, chairman of Staples, which supplies the British Transport Hotels, said there had been a considerable move towards the zipped bed.

Minet to hold inquiry into transfer of premiums

By John Moore

MINET HOLDINGS, one of Britain's largest insurance brokering groups, which is to be investigated by the Department of Trade, is to announce the composition of its own inquiry into its affairs tomorrow.

Minet's move comes after last week's concern at Lloyd's of London about the channeling of \$40m in the form of reinsurance premiums over a five-year period from underwriting syndicates under the management of PCW Underwriting Agencies, part of the Minet group.

Lloyd's ruling committee has organised its own inquiry to establish the identity of the beneficial ownership of companies which received the reinsurance premiums in Liechtenstein, Guernsey, Gibraltar and the Isle of Man.

The money was channelled to these companies through insurance interests which have links with another insurance broker, Alexander Rowden Group.

As soon as last week's problems became apparent, Lloyd's chairman, Sir Peter Green, insisted that Mr John Wallrock, chairman of Minet Holdings, take over the executive chairmanship of the PCW agency company.

Minet is now attempting to identify the scale of the problems, but its task last week was hampered by the removal of 12 cases of documents from the agency company.

An underwriting agent, Thomas R. Miller, which had introduced members of Lloyd's to PCW syndicates, had gained a court order against the chairman of PCW, Mr Peter Dixon.

The documents were removed once the court order had been obtained.

Treasury aims to penalise councils

By Robin Pauley

THE TREASURY, which has been mounting an increasingly successful campaign to wrest responsibility for local government finance away from Mr Michael Heseltine's Environment Department, has agreed to try to impose much stiffer penalties on councils for overspending next year than Mr Heseltine wants.

The Environment Department has proposed that grant should be withdrawn from councils next year at the rate of 1p in the pound for each of the first two percentage points of spending over the Government target.

Thereafter the grant loss would be either 3p or, in the more severe option, 5p for each percentage point of overspending. Unlike this year, there would be no limit to the amount of grant which could be lost.

The Treasury has successfully

insisted that a third option be included for discussion—loss of grant at the rate of 4p in the pound for each and every percentage point of spending over target.

It accepts that this option has no chance of success but intends it to act as a lever to ensure that the eventual inevitable compromise will be much tougher than if only Mr Heseltine's two options were available.

Announcement within the Environment Department at persistent Treasury interference is matched by Treasury annoyance about three years of failure to control local government current expenditure.

An extra £1bn had to be added to this year's current expenditure targets for "realism" to take account of the very large overspending and £900m has been included for 1983-84.

Unlimited grant loss could leave many councils with no grant. This could put hundreds of pounds extra on some rate bills in an election year, something the Government is anxious to avoid. Any compromise involving more than a 1p penalty for the first two points of overspending will be an outright Treasury victory.

Mr Heseltine has included a mild penalty for the first two points over target to ease an embarrassment caused by another headline approach from the Treasury. Councils have two contradictory targets each year: the Government's cash target and the Government's assessment of how much money a council needs to spend to provide a standard level of services (grant related expenditure assessment).

This year, councils spending over target but under the assessment have been exempted from penalty at a cost of about £700m. Mr Leon Brittan, Treasury Chief Secretary, insisted the exemption had to go in the deal for 1983-84.

Mr Heseltine accepted the deal, expecting furious attacks from the shire Tories, key supporters in an election period, which would enable him to return to Cabinet to argue that the exemption would have to be allowed.

To his surprise the coordinated backlash failed to materialise. But Mr Heseltine wants to avoid the shire Tories being blamed for high rate rises. His proposed 1p penalty for the first two points over target would take in most Tory counties' expenditure levels over target in 1983-84 and is a relatively mild punishment.

ing together seem reluctant to part when the lights go out. All the group's new beds are double.

Even Trust House Forte, always a little coy when there is a hint of naughtiness, admits that the togetherness habit has bit their properties as well.

It seems that business travellers are the ones who are really into large beds.

Some hoteliers reckon it is because more companies are allowing executives to travel with their spouses; that executives are younger than they used to be; and that the 50s and 60s fad for separate sleeping has given way to the king-sized era of an earthy acceptance that it is nice to be near.

The move has considerable economic implications, not least for bed makers and hotel room designers.

A one-bedded room is easier to furnish, and it is easier to add a child's bed if parents bring offspring.

Even the solo traveller seems

Egon Ronay attacks theatre catering

By Alan Forrest

LONDON'S new Barbican arts centre is one of many UK theatres attacked for poor catering standards in the new edition of one of Britain's leading good food guides, published today.

The 25th annual Egon Ronay Lucas Guide says the Barbican's Waterside Restaurant serves dismal food and says: "Catering standards are deplorable at the world's finest theatres, the food indifferent and inedible."

Out of 37 theatre buffets and restaurants surveyed, only two are given good marks, Hammer-smith Lyric and the Greenwich Theatre. 22 were appalling or poor, the rest acceptable.

The guide rates the menu at Glynzdebourne "ostentatious" with the food varying from tasteless to overcooked. It describes the experience of eating at Liverpool Playhouse as unrelenting horror.

It says the tea at the National Theatre is like awful, murky water and the Circle Bar at the Royal Court is called drab and dirty.

Looking at the changes in hotels in his 25 years as a good food guru, Mr Ronay says: "While hotels are now more efficiently run, as they have grown so much in size, they have also become sadly depersonalised."

In the guide's hotel ratings, The Ritz has slipped back from its last year's No 1 position in the de luxe category.

Its entrance corridors "now filled with tea tables satisfy the hotel's accountant rather than its guests, and reception and housekeeping are not what they used to be," said the guide.

The Ritz has now been overtaken by the Berkeley, Claridges, the Connaught and the Dorchester, which all tie as London's best.

"Egon Ronay's Lucas Guide, 1983, to Hotels, Restaurants and Inns, Great Britain and Ireland, Mitchell Beazley, £8.95.

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Government backs action to curb video pirates

By Peter Riddell, Political Editor

ACTION against video pirates and moves to liberalise Sunday shopping laws are likely to be pressed by Government ministers on MPs successful later this week in the ballot for private members' Bills.

The ballot will also be closely watched by the Consumers' Association and the National Consumer Council, which have been particularly successful in recent years in having their proposals taken up by MPs high on the ballot and then enacted.

Only those MPs winning the first few places in the ballot stand much chance of their proposals becoming law.

These are the added complication this session of the possibility of an early summer election next year. This would certainly kill almost all such Bills before they had completed their legislative passage.

Several members from all

ides of the Commons feel strongly about "video nasties," especially of a pornographic or violent nature, and about the piracy of copies of films and television programmes on video.

Sunday trading is a much more contentious issue and several attempts to remove restrictions have failed because of the opposition of sabbatarians and MPs supporting USDAW, the shopworkers' union.

Mr Timothy Raison, the Minister of State at the Home Office, said last week that the Government would give tacit support to any private member's Bill to allow Sunday trading and longer shop opening hours.

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Michelin staff denied pay rise

More than 6,000 workers at the Michelin UK tyre company at Stoke on Trent were told at the weekend that the company could not afford to pay their annual wage increase this January. Michelin suffered a £2.6m pre-tax loss in the first six months of this year and 4,500 of the workforce are already on four-day working.

The company said, "everyone has been informed of the situation. Sales are depressed and we can't see any immediate improvement."

A Soviet delegation on nuclear safeguards is visiting Washington next month. Although the USSR did not support the U.S. in Vienna, its position on nuclear proliferation has been more firm and consistent than that of the U.S.

It is thought that the U.S. will discuss with the Soviets the consequences of its walk-out.

As its major contributor, the absence of the U.S. would be a severe blow for the agency's safeguards programme.

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New agreement close on nuclear installations

By David Fishlock, Science Editor

A MAJOR new international initiative involving Britain and the U.S. to guarantee that civil nuclear installations are not used to make nuclear weapons materials, is near agreement.

Mr James Devine, deputy assistant secretary for state for nuclear energy, on a visit to London, said six nations were planning gas centrifuge enrichment factories—the UK, West Germany, the Netherlands, Australia, Japan and the U.S.

They, with the inspectorates of Euratom and the International Atomic Energy Agency, are participating in the Hexapartite safeguards project.

He said: "Much progress has been made, and we hope to be able to announce the successful conclusion of this project early next year."

It is thought that the Hexapartite project has pinpointed all the critical components and test equipment required in setting up gas centrifuge factories.

This is needed to strengthen assurances against their purchase by nations which refuse to accept full-scope safeguards on their nuclear facilities.

The U.S. is also trying to persuade all nuclear supplier nations to accept that a potential customer for the critical parts and equipment must first agree to full-scope safeguards.

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THE ALTERNATIVE

Change a manager who puts you in your place for one who puts himself in your place.

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Admittedly we're lucky, in the sense that we're smaller than the other main clearing banks, and we believe in keeping our branches to a manageable size, too. This results in a number of special advantages of which we're very conscious and determined not to lose.

"Our management and staff have time to treat their customers as individuals with individual needs. And this applies to all customers, big or small, business or personal. Our managers like to see things from the customer's viewpoint, put themselves in the customer's place. And this can apply quite literally in the case of business customers because our managers believe in visiting them on their own ground, to ensure a really good understanding of the particular business and the kind of financial problems and opportunities that can be anticipated. This is particularly important to small businesses in the early stages of their development, and Williams & Glyn's is uniquely placed to play its very active role in this vital area.

"If you run your own business you'll find this booklet interesting.

It's called A Topical Look at Small Businesses and it's produced by our Business Information Service. It's designed to provide small business proprietors with ideas on how to become more efficient, maximise profits and reduce tax liabilities, and includes useful information about Government schemes, enterprise zones, counselling organizations and special bank facilities, together with general advice on the day-to-day running of a business.

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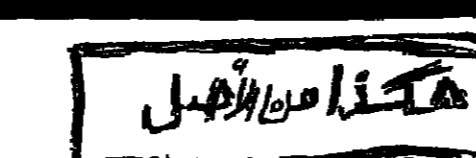
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TITLE _____
COMPANY _____
ADDRESS _____
TELNO. _____

IDEAS THE CBI MIGHT HAVE CONSIDERED

Nearly all the proposals put up by the CBI at its conference involved Government expenditure of a non-returnable kind. How much more effective it would be for industry to put forward ideas that cost the Government nothing or which bring a return in quicker time. We feel that if one small company can make some positive suggestions in its own area of operations, then there could be a flood of similar proposals from British industries at large.

- We suggest:—
- 1. Cable Television**
Action: Legislation needs to be passed now. The electronic manufacturers could start making the necessary equipment immediately. Data and communications users could be planning many additional services.
Result: No expenditure—plenty of jobs.
 - 2. Multi Cellular Radio**
Action: A Whitehall decision for the free enterprise go-ahead is required now. If the right decision is taken it will open up the U.S. market worth \$1,000m a year to British manufacturers.
Result: No expenditure—plenty of jobs.
 - 3. Off Peak Goods Delivery**
Proof positive exists that computer stock control and good communications mean smaller inventories and deliveries packed into fewer hours. The savings of working at non-congested times would be enormous.
Action: Required now is legislation to allow all deliveries in non-business hours.
Result: No expenditure—plenty of jobs.
- Industry, over to you!
- J.O.S.

AIR CALL
communications



UK NEWS

NEB improves performance in first half

BY JOHN ELDON, INDUSTRIAL EDITOR

THE National Enterprise Board substantially improved its financial performance during the first half of this year, reducing its loss before taxation to £5.1m from £11.8m in the first six months of 1981.

ABTA aims to attack discount airline companies

By Arthur Sandes

ABTA aims to attack discount airlines which offer discounted tickets through bucket shops face the prospect of an official blacklist circulating among High Street retailers in Bristol.

World's biggest oil platform is brought on stream

Ray Dafter reports on the North Sea's £1.1bn luxury floating hotel

THE WORLD'S biggest oil production platform has been brought on stream in the North Sea to provide an important boost to UK and Norwegian oil and gas supplies.

Ray Dafter reports on the North Sea's £1.1bn luxury floating hotel

accommodation units. In their spare time they can watch a different film each day in their cinema, keep themselves trim in the exercise room, relax in one of the platform's saunas, or dance in the disco.

Norwegian part of the field is to be carried to Germany by means of a new pipeline. At present, commercial quantities of gas produced from the field are being re-injected into the reservoir while the pipeline is being built.

Industry looks for stimulus as heavy vehicles sales remain low

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

SALES of heavy commercial vehicles (over 3.5 tonnes gross weight) showed no sign of moving out of the doldrums in October. The industry hopes the Government's announcement that the maximum permitted weight of trucks is to be lifted from 32.5 to 38 tonnes will stimulate the market.

UK CAR REGISTRATIONS

Table showing UK Car Registrations for 1982 and 1981, broken down by manufacturer and month.

CONSOLIDATED PROFIT AND LOSS ACCOUNT for the six months to 30 June 1982 (unaudited)

EDUCATIONAL and CLUBS section containing various listings for schools, universities, and clubs.

FINANCIAL TIMES section containing contact information for various offices and departments.

CLASSIFIED ADVERTISEMENT RATES section detailing advertising costs for various categories.

OBITUARY section with a notice for Lord Netherthorpe.

NCR INTER-KNOWLEDGE MEANS FINANCIAL SYSTEMS ACCEPTED IN 127 COUNTRIES AROUND THE WORLD.

NCR advertisement body text: We believe it takes more than computer expertise to create successful financial systems. It takes computer people with an in-depth knowledge of each business sector they serve.

UK NEWS

Inflation could fall to 3 1/2% says broker

By Our Economics Correspondent THE ANNUAL inflation rate could fall to as little as 3 1/2 per cent in the spring, according to projections from James Capel, broker.

Output likely to rise from 1983

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE British economy has remained in recession this year but output should start to grow from the beginning of 1983, the London Business School's Centre for Economic Forecasting says in its October Outlook published today.

The centre's expectation of recovery is based on its view that the authorities in the UK and the U.S. are adopting a looser stance for economic policies and it believes world demand is to expand.

Table with 5 columns (1982, 1983, 1984, 1985, 1986) and 10 rows of economic indicators including Output, Exports, Imports, Money supply, etc.

year that UK recovery was being led by exports and investment. They believe consumer spending, by contrast, is providing the main increase in demand.

The depressing effect on government revenues of low output has been offset by buoyant revenues from North Sea oil. The LBS believes the Government should be able to allow some increases in public consumption and investment next year.

Scope for cutting unemployment underlined by economists

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE GOVERNMENT has a much greater scope for choice between promoting lower unemployment and lower inflation than Treasury Ministers have suggested, says a special article in the latest issue of Outlook.

THEY comment: "Those costs cannot be attributed entirely to the Government's counter-inflationary policy, but we would now recognise that there is considerably more flexibility in the UK labour market than we formerly believed... It is proving very difficult to reverse the inflationary expectations of the last decade."

Table titled 'OUTPUT, UNEMPLOYMENT AND INFLATION' with columns for GDP, Unemployment, Inflation for 1980, 1981, 1982, 1983.

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

Table listing various trade fairs and exhibitions with columns for Date, Title, and Venue.

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Table listing overseas trade fairs and exhibitions with columns for Date, Title, and Venue.

BUSINESS AND MANAGEMENT CONFERENCES

Table listing business and management conferences with columns for Date, Title, and Venue.

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

Financial Times Conferences

PRIVATE HEALTH CARE IN THE 1980s London—November 18 and 19, 1982

EUROPEAN OFFSHORE—THE BUSINESS OPPORTUNITIES Oslo—November 29 and 30, 1982

WORLD INSURANCE IN 1983 London—December 1 and 2, 1982

World Insurance in 1983 will be held at the Inter-Continental Hotel on December 1 and 2, 1982.

The Financial Times Limited Conference Organisation Minister House, Arthur Street London EC4R 9AX

Tick? Talk?

- Brand-new production and office space from about £1.50 a sq.ft. Rent-free periods available. 22% Regional Development Grant if I want to build.

Wrexham advertisement including contact information for the Chief Executive Officer and details of the Special Development Area.

Co-op plans own code for pensions

THE Co-operative movement intends to issue its own code of practice on pension schemes operated by its various societies.

BIBA calls for licence reforms

THE British Insurance Brokers Association has urged the Department of Trade to exempt the majority of insurance brokers from the new proposals on licensed dealers.

Choice of town chief assessed

AN ENGLISH university lecturer is being allowed to attend private meetings and read confidential minutes as a Labour councillor chooses a new chief executive.

Mr. Cyril Warmington

Deputy Chairman of Reed Group (limited since 1978), has retired on reaching retirement age. He was left the company on 3rd November.

Arab Multinational Finance Company advertisement for a US\$ 15,000,000 multicurrency medium term loan, managed by AL Bahrain Arab African Bank (E.C.)

Vertical text on the right margin including 'Banked on a pay' and 'PUN WITH BA'.

LABOUR NEWS

Esso tanker drivers to vote on 48% hourly pay package

BY BRIAN GROOM, LABOUR STAFF

ESSEO's 1,700 oil tanker drivers and manual distribution workers are to vote next week on a radical pay and productivity package which would raise hourly pay rates by up to 48 per cent.

Water workers' threat over 15% claim

BY OUR LABOUR STAFF

LEADERS of the water industry's 28,000 manual workers may call for a national strike if employers do not respond satisfactorily to their pay claim at a meeting on Thursday.

sequences for homes and industry. Water workers did not want a long and painful stoppage.

Equity claim on television contracts

By Our Labour Staff

EQUITY, the actor's union, said yesterday that a small but growing number of advertising agencies were signing contracts on the union's terms to make advertisements for Channel 4.

Lloyds Bank staff takes stronger line on ballots

BY BRIAN GROOM, LABOUR STAFF

NON-TUC STAFF at Lloyds Bank have taken a small but important step towards greater militancy, which could make industrial action a more credible option in disputes.

recommended two one-hour strikes over Saturday opening, but this was rejected heavily by members in a ballot.

Insurance and Finance Union is intensifying efforts to recruit among the 11,000 staff employed by 78 U.S. banks operating in the UK.

Farmworkers' wage plan aims to beat low pay trap

BY OUR LABOUR STAFF

A WAGES policy to lift farmworkers gradually out of the low pay trap is proposed today in a report published by the independent Low Pay Unit.

Pan Am Set A New Standard Of Luxury In Transatlantic Travel.

First Class gets classier and classier.

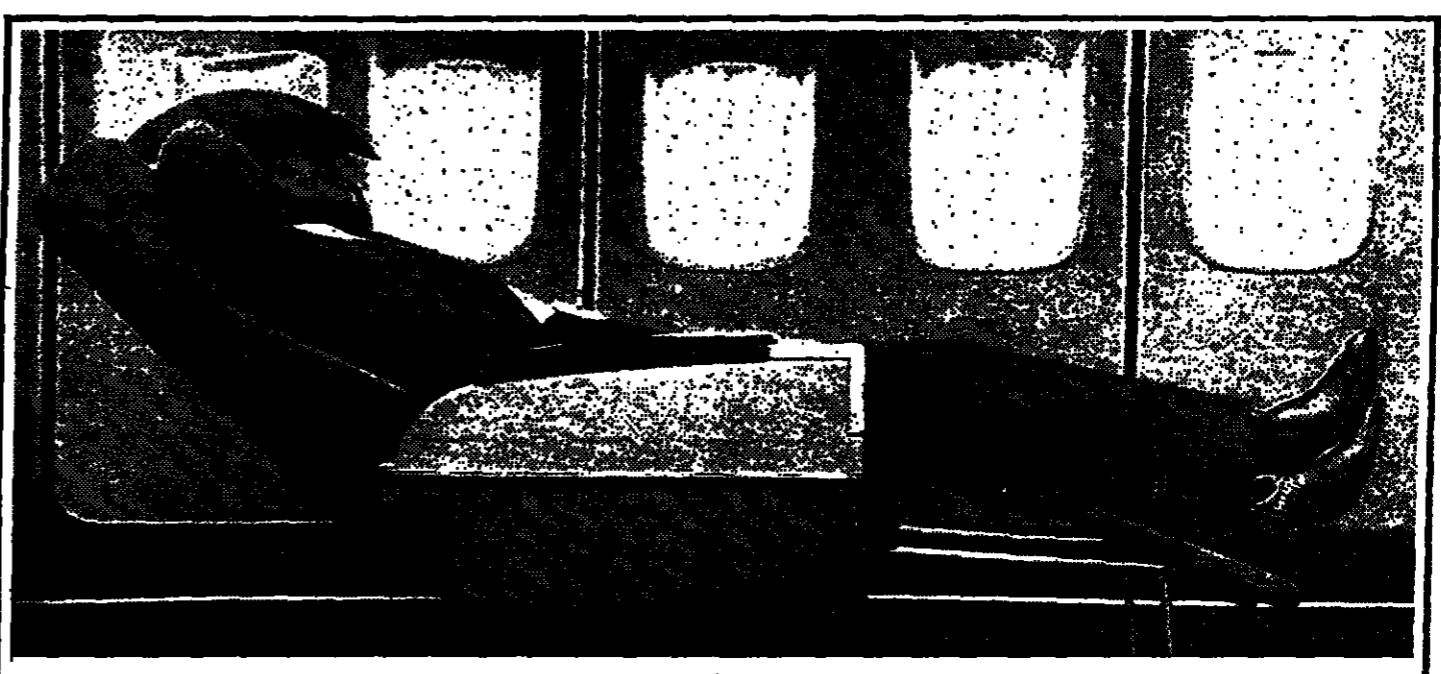
Pan Am have always kept a place in their planes for the few who, if they cannot travel in style, prefer not to travel at all.

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The wide, thickly-upholstered back reclines no less than 60 degrees. An ingenious footrest extends from the front.

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Ride the wide-open spaces of the Pan Am Sleeperette seat.

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Pan Am's First Class menu, too, is something to be savoured.

Preceded by cocktails and accompanied by fine wines or champagne, a typical feast can begin with caviar and vodka, smoked salmon and pâté de campagne.

Proceed through a choice of tempting entrées like roast beef (carved at your table), lobster thermidor, or Suprême de Canard Grand Veneur.

And end on a high note with sweets and cheeses from the trolley, coffee and liqueurs.

Clipper Class. Even more room for the business traveller.

There has always been more room to think, work or just relax in Clipper® Class.

Now, we have redesigned the separate cabin to give the business traveller that extra bit more legroom that makes all the difference.

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Table with 3 columns: City, City, City. Rows include Boston, Chicago, Cleveland, Dallas/Ft. Worth, Detroit, Ft. Lauderdale/Hollywood, Fort Myers, Hartford, Honolulu, Houston, Kansas City, Las Vegas, Los Angeles, Los Angeles, Miami, New Orleans, New York, Oklahoma City, Orlando, Philadelphia, Pittsburgh, San Francisco, Sarasota/Bradenton, Seattle/Tacoma, Tampa/St. Pete, Tulsa, Washington, West Palm Beach.

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PUNJAB NATIONAL BANK. Hereby announces THAT WITH EFFECT FROM 8th NOVEMBER, 1982 THEIR BASE RATE WILL BE 9 1/2 PER CENT PER ANNUM TILL FURTHER REVIEW. CHAMPAGNE POMMERY REIMS-FRANCE.

Pan Am. You Can't Beat the Experience.

TECHNOLOGY

EDITED BY ALAN CANE

HEAT GENERATION POSES PROBLEMS

How to keep a computer cool

BY JOAN GRAY

WHEN they work fast, computers, like humans and racehorses, can get very hot — and keeping their machines cool is becoming a bigger and bigger problem for the giant computer makers.

Chips in IBM's 3081 computers, for example, produce more heat per square centimetre than a domestic electric iron; and just three chips in the supercomputer to come from Gene Smdahl's new company, Trilogy, produce almost as much heat as a one bar electric fire. This heat has to be removed, or the chips burn out.

Small computers can be kept cool quite easily by air conditioning, but overheating becomes a big problem in the giant computers processing millions of instructions a second.

The problem arises as manufacturers pack more complex circuits closer and closer together to get faster, more powerful computers — and the closer the circuits get, the hotter they get.

Different methods of cooling computers are fiercely advocated by different computer makers. Air cooling enthusiasts can get positively contemptuous of those who go for what they see as the stopgap solution of water cooling.

Take ICL's director of main-frame development Dave Dace, for example. An air cooling man himself, he is most scornful of IBM's much vaunted water cooling unit, the thermal conduction module. "Water cooling is over complex," he said. And added ICL's director of engineering, Derek McLaughlan, "It is a route which more careful design would have removed."

One of the most exotic cooling methods is used by Cray, maker of two of the most powerful commercially available computers in the world: the Cray 1 and Cray X-MP, used for atomic weapons research, long range weather forecasting, and predicting oil reserves.

The company is emphatic that the advanced method of

cooling it uses — heat from the circuits is conducted to freon, a cooling liquid used in refrigerators — was a key factor in making its computers so fast, by making it possible to pack the circuits very close together.

But for the next generation of Cray computers, the Cray 2, freon cooling will not be enough. Les Davies, Cray's vice-president, said that all the circuits in the Cray 2 will be immersed in Florinert, a liquid fluorocarbon made by 3M.

"The whole cabinet will be filled with Florinert like a fish tank with a heat exchanger outside to remove the heat to water or freon," he said.

Fish tanks of fluorocarbon may be all very well for the Cray 2, but companies buying their latest big business computers tend to want something a little simpler.

IBM, Honeywell, and Sperry Univac have all opted for water cooling for their giant business computers, the IBM 3081, Sperry 1100/90 and Honeywell DPS 88. Sperry is particularly enthusi-

astic about the move from air cooling to water cooling in its latest 1100/90, which it says has helped it to get four times the performance for only twice the price of its previous model, the 1100/80 computer.

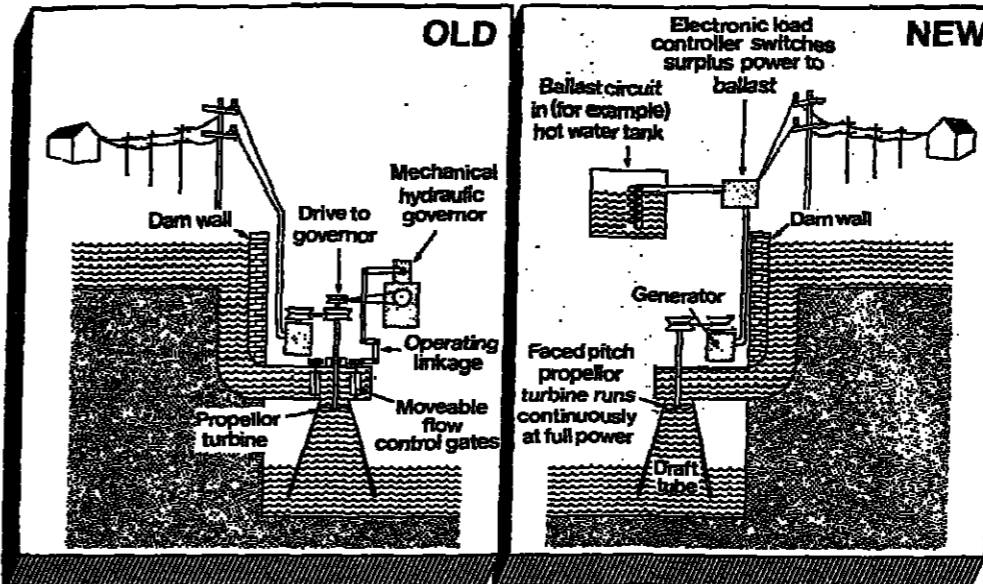
Honeywell and Sperry both use rather simple arrangements to bring the water near their circuit boards. In the Honeywell machine, the water is carried over the back of the boards in a moulded plastic labyrinth, called a "slit" pack. In the Sperry computer, the water passes inside a plastic membrane between pairs of circuit boards.

The IBM thermal conduction module, or TCM, is the most complicated method of water cooling. Up to 133 chips are mounted on a ceramic substrate and sealed into a unit filled with helium, which was chosen because it conducts heat six times more efficiently than air.

A metal spring-loaded rod rests on top of each chip and conducts heat from it to the outside of the module, which is cooled by chilled water.

MINI HYDROELECTRIC PLANTS

UK group set to scoop the pool in China



The old and the new. The latter system could halve costs for China.

BY MARK NEWHAM

A GROUP of British companies led by Intermediate Technology Industrial Services (ITIS) is on the verge of breaking into a potentially vast market for mini-hydroelectric plant equipment in China with an electronic load control device which could halve the cost of building mini-hydro stations.

ITIS, Evans Engineering and GP Electronics, recently demonstrated the device in China at the request of Zhu Xiao Zhang of the Ministry for Water Resources and Electric Power. He also heads the United Nations mini-hydro research and training institute at Hangzhou in Zhejiang province.

After five days of intensive trials at the Huidong 100kW mini-hydro station on the Fu Chunjiang river about 300km from Hangzhou, the performance of the controller was, in the words of ITIS's general manager David Wright, "much faster and more precise than hydraulic water flow governors traditionally used in this kind of station."

Chinese officials at the trials were also obviously impressed by the load controller's performance as their order for 13 controllers following the trials tentatives.

The order is worth about \$20,000 to the British companies which, in return, agreed to buy three Chinese mini-hydro turbine/generator sets for use in mini-hydro demonstrations in the UK and the developing world.

For years now, hydroelectric engineers the world over have been trying to develop a system to replace costly hydraulic flow

control governors used in mini-hydro plants to regulate the flow of water through turbines to maintain a smooth power output.

Not only are these governors expensive to install but they need constant maintenance to keep them operational. Now, it would appear, the electronic load control device developed and built by Evans Engineering and GP Electronics offers the much sought-after characteristics of ITIS' David Wright believes mini-hydro plant managers will be climbing over one another to buy the system.

Essentially, the controller uses microprocessor circuitry to regulate the power output of turbine generators to electricity grids regardless of the flow of water through the turbines. When flow surges through the turbines, the controller automatically increases power output, the controller automatically channels excess power to a ballast circuit.

Here, the power is used to heat or pump water locally. Only when the flow is at a low level will the turbine and load controller be unable to main-

tain a steady output to the grid.

The controller could provide a valuable answer to some of China's energy problems, particularly in remote areas. Although the country already has more than 100,000 mini-hydro stations in operation, these tap only three per cent of China's massive hydro-electric resources and the cost reduction potential of the load control system could lead to a surge of mini-hydro station building.

The controller, built into Chinese mini-hydro plant destined for overseas markets, is also likely to make Chinese equipment more attractive and competitive internationally, so it is not beyond the bounds of belief to see Chinese-made turbines controlled by the British-built controller turning up in America, India or even Britain.

Already the China General Electric Corporation (CGEC) is engaged in a \$20m mini-hydro scheme in the Philippines and, if the load controllers are delivered in time, CGEC could begin installing them in the 40 stations in the 100kW to 1MW range it is building for the Philippines Government.

MARINE RADAR

Racal markets three new families

BY GEOFFREY CHARLISH

RACAL MARINE Radar has made an across-the-board attack on the market with three new families of products: seven equipments in all, covering small pleasure craft to deep-sea vessels.

The most impressive thing about the top end model, the Racal-Decca RM 1290, which has a peak power of 25 kW and ten range scales from 0.25 to 64 miles, is its price.

By extensive use of microprocessors to manage the control functions and by designing for ease of production, the company has kept the price down to £3,250 — which is some £3,000 cheaper, claims David Peacock, chairman, than equivalents in the current range.

This 12-inch display radar has been specifically developed to meet the International Maritime Organisation (IMO) requirements due to come into effect in 1984. These call for all vessels in the 1,600 to 10,000 ton class to have a 12-inch set as their primary equipment.

The radar has a relative motion display (the ship is always at the centre of the plan position display) and the surroundings appear to move past it, and also employs "Clearscan".

Clearscan is a Racal-Decca technique which automatically suppresses sea clutter (confus-



The display of the Racal-Decca 170, 270 and 370 radars mounted in the cockpit of a cabin cruiser.

ing reflections from wave tops) at every bearing and range, making the "targets" (ships, jetties, buoys and so on) as clear as possible.

On the control panel, the use of membrane touch-sensitive buttons, in conjunction with the microprocessors, has allowed some rotary controls to be done away with altogether.

Similar philosophies have been applied to the new Group

10 radars which are aimed at large fishing vessels and similar commercial craft. Seven or ten inch displays are offered and the price is about £4,000 in the UK.

Possibly the most interesting of the three families, however, is the 170/270/370 series, all of which use a bright yellow seven-inch display. They are intended for pleasure craft and workboat operations and have ranges to

24 nautical miles (for the 170) and 36 nautical miles for the 370.

Racal has had to take a special approach with manufacture of these small models. To meet world competition, the company decided to put the best of UK radar technology into the design and development but, to keep costs down, have the sets made under contract in South Korea.

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You have a mental picture of just where everything is — a door here, a clock over there, a chair just to your left. But if you lose your place to begin with, if you're not quite where you think you are, it can be terrifying. And that fear can last long after you've found your place again.

When you go blind you often end up with a sore or dry throat. That's because you talk much more than before. In fact sound becomes the most important thing to you. You have the radio on all day and night. Some people get a talking watch and run the batteries down just by listening to it constantly.

Few people can imagine what it's like to go blind.

When you first go blind almost the last problem you have is not being able to see.

For a start there's the shock. You think "It can't be happening to me."

Or "It'll be OK soon — I'll probably get better."

Then people around you — even your close family — start to behave in a strange way. They either overwhelm you with their sympathy.

Or they avoid you. They stop you with an accidental remark. Either way they stop treating you like an individual.

That's when it starts to hurt.

The next problem you have to deal with is tiredness. Despite the fact that they can't see, your eyes go on trying. Harder than they've ever done. Your other senses — hearing, touch, taste and smell — all work overtime trying to find a way round the problem of not seeing. All of this is physically and mentally exhausting.

All you want to do is sleep.

After this comes disorientation. You lose your way in both time and space. Time, especially, becomes vitally important. There's little or no difference between day or night — but you still want to know which it is. Finding your way around your own home can be a nightmare.

But sound can be an irritation too.

One of the most upsetting sounds to a newly-blind person is the rustling noise of someone reading a newspaper. In one stark moment it brings home the fact that you can't do that any more.

Another problem you have is that you start seeing things. Not imagining them but seeing them. It's probably due to the fact that you've been trying so hard to see that your unconscious mind says, in effect: "OK, we'll give you something to look at if it makes you happy."

Of course it doesn't make you happy. It raises false hopes. And then dashes them.

Lastly — the dark.

If you close your eyes tight in a darkened room in the middle of the night it's pretty dark. It stays that way when you lose your sight. Black takes on a whole new meaning to those who are totally blind.

As time goes by you can learn to overcome many of the problems. You get back some of the confidence. You begin to move around, to explore more. The fear and the depression recede — but never totally disappear. The tiredness you learn to cope with. People who know you readjust and start treating you as an individual again. Other people can teach you new skills. Show you new gadgets to help you through the day or night. train you for new jobs. In time you learn to live with your blindness. But you never forget what it's like to go blind.

Now you know more, will you help?

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Image process Logica contract

LOGICA is to supply image processing equipment to British Telecom under a £500,000 contract. The BT research laboratories will use the equipment for experiments in the digital coding of colour television pictures.

The Logica system allows coding techniques to be simulated in software, avoiding repetitive and expensive construction of circuits for each technique.

One use will be in hand-width compression experiments in which the researcher will be able to experiment with coding only those parts of the picture which move from one TV frame to the next.

Controls Pressure indicator

FISHER CONTROLS of Lewisham, London, now has available a differential pressure indicating controller designed for static pressure up to 6,000 psig. Said to be corrosion and vibration resistant, the 4194K series is offered with proportional only, proportional reset and differential gap control.

The controller can be used for accurate control and monitoring of flow or liquid level and the company claims that maintenance and calibration can be carried out without special tools.

Technical details are available from the company on 0622 671501.

Actuators New design

A LINEAR, electro-hydraulic actuator which can be mounted directly onto a control valve, damper or separator in any process control application has been introduced by Eiram of Moorfield Industrial Estate, Yeardon, Leeds (0532 684911).

The company says that small batches can be produced on very short delivery times. Full technical details from Eiram.

طاعة من الامم

BUILDING AND CIVIL ENGINEERING

CAVITY WALL INSULATION

Megafoam runs aground

MEGAFOAM, which went into receivership last week, is the latest cavity wall insulation company to run aground during one of the most difficult periods the industry has ever endured. A slump in sales has been exacerbated by adverse publicity involving allegations of possible health hazards arising from the use of urea-formaldehyde foam for cavity wall insulation. Newspaper and television comment about UF-foam has increased following a ban on the product in the U.S. and Canada. At the end of August this year British companies involved in the installation of UF-foam said that orders had slumped by up to 75 per cent following an ITN news report on urea-formaldehyde insulation on News at Ten on July 5.

Sales at Megafoam which had been around £2.1m in 1980 are likely to be only just over £1m this year and losses could be around £100,000. Mr David Cameron, chairman and 50 per cent owner of Megafoam, said at the end of August that normally the company would have expected to have been winning around 150 orders a week during the summer months. "Before the July report by ITN we had been running at around 50 orders a week. In the four or five weeks after the report, sales were averaging just 23 a week. "This time last year we were running around 35 two-man teams of installers in England and Wales. By August this had dropped to 15 crews," said Mr

Cameron, who said that sales of other home insulation products had also been adversely affected by recent publicity. Mr Cameron said that orders at a glass fibre insulation business operated by Megafoam had also dropped by 75 per cent during August. The National Cavity Insulation Association says that orders have picked up slightly more recently. Nonetheless the industry remains deeply troubled. The Department of the Environment said last Friday that it is satisfied that the use of urea formaldehyde foam insulation may be permitted provided it is used only in walls with a brick or block inner leaf and adequate precautions are taken.

WEST GERMAN CONSTRUCTION

A slender lifeline

WEST GERMANY'S battered building industry has, at last, been offered a slender lifeline by the new conservative government. In an announcement last month the new Federal Building Minister, Oscar Schneider, announced a DM 2.5bn (£822m) aid package which could result in the building of 70,000 to 100,000 new homes in the 1983-1984 period and the creation of 140,000 to 200,000 jobs. No one in the industry would argue that the help is not needed. The big question is whether the aid package is "too little, too late." The German building industry is now going through its worst slump since the Second World War. Unemployment among building workers more than doubled in the first half of this year and now stands at around 120,000, according to Martin Kaune of the Central Association for German Builders. In the same period 1,100 building firms went out of business—60 per cent up on the

same period last year. "Right now the industry is as good as dead," says Mr Kaune. "In such a situation the latest government measures can only be regarded as a right step in the right direction." According to Horst Urban of the Federal Building Ministry, the government plan comprises three elements: direct financial provision for the building of state (i.e. council) housing, financial aid to improve the tax savings of people paying mortgages and a financial package to reduce the interest paid by home-owners paying bridging finance. The total value of all three measures is about DM 5.2bn. But many building companies seriously question whether the indirect aid to the industry, as comprised in the last two measures, can really bring about the kind of recovery the industry requires. Moreover the measures do nothing at all for the public works side of the industry.

The latest report from the Ifo economic research institute for September shows that employment of capacity in West Germany's construction industry as a whole is only 47 per cent. In some sectors it is even worse, with employment of capacity in road building, for example, down to 47 per cent. "Minister Schneider's building programme does nothing for the construction industry," says Mr Leclerc of the Main Association for the German Construction Industry. "As things stand now our member companies have order books of two months or less, while an order book of at least three months is needed for viable operation." "Overall," said Mr Leclerc, "construction orders are stagnating at a level 30 per cent below that of two years ago, and in road building 50 per cent below. "We need new Federal investment in construction projects and we need it now."

But even if such investment were forthcoming, which it is not, it will still take a long time for the industry to recover from the present recession. With the time lag between orders, production and earnings it will take at least two years for Germany's construction industry to regain 1980's real earnings levels. With this year's budget now exhausted, Mr Leclerc and his industry are looking forward anxiously to next year's March elections and the faint promise of a switch in government resources from social support programmes to investment projects. But even if this comes about, many German construction firms feel that the heady days of the 1970s will never return. "West Germany's building boom is over," said one. "The buildings, roads and facilities destroyed by war are all rebuilt. What we must do now is make a structural adjustment to a new, lower level of construction activity."

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PUBLICATIONS

Just published by the Bituminous Roofing Council (BRC) is the first of a series of technical information sheets covering all aspects of flat roof design and construction. They are intended for designers, specifiers and others involved in flat roofing. The guide is available from BRC, PO Box 125, Haywards Heath, West Sussex RH16 3TT. A new code of practice (BS 6180) for protective barriers designed to provide protection against common hazards in or adjacent to buildings, has been issued by the British Standards Institution. Called "Protective barriers in and about buildings," it is one of the first British Standards to give recommendations for plastic materials in buildings. The BSI has also published BS 6270—"Cleaning and surface repair of buildings"—the first national code of practice on this craft. It will be issued in three parts, the first of which has been published called "Part 1 Natural stone, cast stone and clay and calcium silicate masonry." The Cement and Concrete Association has published technical report no. 7 "Concrete in the oceans—fatigue strength of reinforced concrete in seawater" (Ref. 15.527) for the Concrete in the oceans management committee. The report is designed to provide additional knowledge to improve the design, construction and long-term performance of concrete oil production platforms.

New dredger looks for work

CONFIDENCE IN the future of the dredging industry was expressed last week by Zaanen Versteep, of The Hague Holland, a company which is investing £35m in a new plant building programme. Of this sum, £15m has been spent on a trailing suction hopper dredger, the "Cornelis Zaanen". She is now completing her commissioning trials. Her first contract, worth about £350,000, is for the removal of 500,000 cu metres from the bed of the access channel at Portsmouth harbour. The work for the Property Services Agency of the Department of the Environment, starts on November 15, and will be completed in about three weeks. Although the company has no further contracts for this vessel, Zaanen is confident that because of the dredger's versatility there will be no problem finding work. The "Cornelis Zaanen", named after one of the family which owns the company, is claimed to be the first hopper dredger specifically constructed for working in tropical as well as arctic waters (Ice class Bureau Veritas 16). In good weather conditions her maximum capacity is 15,000 tons at 9.5 metres draught. Maximum dredging depth is 32 metres. Apart from wide bottom doors with vertical side walls giving good dumping characteristics even with sticky materials,



The Dutch dredger "Cornelis Zaanen" leaves the Pool of London after a brief visit during trials last week.

Transforming a problem

TACKLING PRIORITY Estates is the title of the latest Department of the Environment film. It shows the progress of the Government's Priority Estates project, started in 1979, to turn round difficult-to-let estates. Featured are six initiatives which have transformed problem estates into desirable residential areas. These are: better security; physical improvements; radical changes to letting policy; estate-based management and budgeting; sales of blocks both improved and unimproved; and lastly tenant involvement, which the film emphasises is the most vital ingredient.

Noisy neighbour nuisance

MILLIONS of householders are forced to tolerate noise nuisance from their neighbours because of poor standards of sound insulation in party walls. A survey conducted by the Building Research Establishment indicated that 85 per cent of party walls in a sample batch of post-1970 houses failed to meet the requirements of the Building Regulations. As a further step, the extent of the disturbance created by neighbours' noise was then examined in more detail and it was found that over two-thirds of those people questioned could hear noise from adjoining homes and 18 per cent reported being seriously bothered by it. Noise nuisance ranked first among the typical housing defects reported. Irrespective of whether they themselves were bothered, nearly three-quarters of the respondents were prepared to accept some noise from neighbours and a similar proportion said they were aware of the need to keep their own noise levels to a minimum. But the survey also demonstrated the widespread belief that the major culprit is not the family next door but the poor level of sound insulation provided by party walls. Only 10 per cent of those involved in the survey judged their neighbours to be unreasonably noisy. Top of the list of noise nuisances were television sets and record players, shouting and laughter, footsteps on stairs, banging doors and the clicking of electric switches and sockets. The BRE has calculated from the survey that over two million occupants of post-1970 houses rate their sound insulation significantly poorer than they would have done had their home met Building Regulation requirements, while another one million people were able to hear their neighbours talking. The report concludes: "Not only is poor sound insulation one of the most salient defects of modern houses but its counterpart, noise from neighbours, is the major source of noise nuisance for their occupants."

OVERSEAS CONTRACTS £5.8m storage tanks in Libya

MOTHERWELL BRIDGE, the Motherwell-based heavy engineering group, has been awarded a £5.8m contract for oil storage tanks to be constructed for the Libyan Petroleum Marketing Company (BREGA) at its Misurata port installation. The contract was awarded to Motherwell Bridge by BREGA's contractor Samsung Construction of

Seoul, Korea, and requires the erection of 15 storage tanks and five spherical pressure storage units. Four of the largest storage tanks are of the fixed roof variety and are over 125 ft in diameter and 55 ft in height each with an oil capacity of 300,000 barrels (10.5m gallons). The tanks will store over 2.5m barrels of oil

(66m gallons). Construction will commence shortly. BALFOURS has been awarded a design contract for the extension of the Sark Laboratory well-field in Abu Dhabi. Work is about to commence and the capital value of the proposed works is likely to exceed \$2m (Dirhams \$4.5m). The client for the scheme is the Abu Dhabi Water and Electricity Department.

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announce that with effect from close of business on 5th November 1982 its Base Rate is reduced from 9½% to 9% p.a.
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UK CONTRACTS Conder builds £5.5m offices
CONDER SOUTHERN has started work on a £5.5m 10,540 sq m three-storey office block at Hemel Hempstead for Computer Machinery Company (CMC). The Kingsbury method of building is being used so that a tight completion date—May 1984—can be met and the use of "dry envelope" will enable work to proceed continuously irrespective of weather conditions.
JOHN LAING CONSTRUCTION has won housing contracts and a hospital extension worth £2m in the north of England. The north east region has started work on the largest development—42 houses and eight garages in Penrith—for Eden District Council. The 600 schemes in Patrigill Road is due for completion in a year. Houses will be of traditional brick/block construction on a strip-type wall foundations and solid concrete floors with concrete tiled pitched roofs on trusses and usual floor finishes, services and fittings. Facilities to be given to 170 Manchester City Council houses by the north west region of John Laing Construction. The contract, costing £735,000, is expected to take six months.
HUNTING GATE has signed a £1.2m design and build contract to construct 80,000 sq ft of new premises for Easy Garments (UK), manufacturer of jeans and casual wear, on the old Dalway Galley site at Staples Corner on the Edgware Road, NW2. The 35,000 sq ft of free-span warehouse space will be ready in March 1983 followed by 25,000 sq ft of offices with four floors and a basement car park.
BOVIS CONSTRUCTION has been appointed by the Scottish Development Agency as management contractors for the Scottish Exhibition Centre on the site of the old Queen's Dock, Glasgow. The development, valued at £30m, consists of the construction of five halls which, together with the concourse and other associated ancillary buildings, will have a floor area of approximately 37,000 sq metres. Included in the development are site preparation and stabilisation works, together with extensive car parking facilities and landscaping. Work should start early in 1983, subject to the final approval of the Secretary of State for Scotland and the establishment and funding of the operating company for the centre. The exhibition centre is scheduled to be operational in the autumn of 1985.

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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Why Olivetti embarked on a venture capital spree in the U.S.

BY GUY DE JONQUIERES

HOW CAN a large European electronics manufacturer plug into the nerve centres of U.S. innovation? Olivetti, Italy's principal computer and office equipment supplier, believes it has an answer: by buying slices of young entrepreneurial companies which have developed promising products and technology.

Olivetti decided to put its theory to the test just over two-and-a-half years ago. Since then, it has spent more than \$60m on a venture capital spree which has brought it equity stakes in about 20 American companies operating in fields ranging from microchip manufacturing to large "mainframe" computers.

The rapid-fire acquisition programme is a brainchild of Carlo de Benedetti, Olivetti's deputy chairman and chief executive. Since he took over in 1978 at the age of 43, his success in steering the company smartly back to profitable growth after a period of heavy losses has earned him a national reputation as one of Italian industry's most astute managers.

Among the problems he inherited was Olivetti's troubled U.S. subsidiary. Established more than 20 years earlier to sell typewriters and other mechanical equipment, it was falling to keep up in a market which was being rapidly transformed by the application of microelectronic technology. It also ended up on the wrong end of several deals with American manufacturers whose products Olivetti had agreed to distribute internationally.

For de Benedetti, the lesson was clear: "If you want to succeed in America, you have to be American, or at least act like Americans," he says. "The first step has got to be to get your management acquainted with the American mentality... by acquiring minority interests in more than one American company in a business related to your own."

The American investment strategy is managed by Elisertino Piol, a towering Italian with a gift for speaking English even faster than he clinches deals. Piol worked in the U.S. from 1974 to 1978 as head of Olivetti's sales and marketing operation

OLIVETTI'S U.S. EQUITY INVESTMENTS			
Company	Business	Investment in \$m	Percentage of equity owned
Applied Micro Circuit	MOS integrated circuits	1	4.2
Compuscan	Office automation	2	11.6
Data Terminal Systems	Point-of-sale terminals	10	12.2
Docutel Olivetti	Bank equipment, cash dispensers	-	46.2
Intecom	Advanced PABX	4.5	6.7
IPL	Plug-compatible computers	3.6	23.8
Irwin Olivetti	High density discs	5	34.9
Ithaca Intersystems	Microcomputers, graphics terminals	1.6	36.1
Lans	Magnetic discs	0.5	14.3
Stratus Computer	Minicomputers	3.7	11.9
Syntax	Word processors	5	18.9
Telxon	Portable terminals	0.5	2.9
Transaction Management	Point-of-sale terminals	0.25**	14.5
Lee Data	Linear circuits	3.5	12.6
Linear Technology	Portable terminals	2	6.8
MicroOffice Systems	Office automation	3.2	11.5
Prolink	Integrated circuits	2	8.2
VLSI Technology	Electronic file systems	0.8	14.9
Flix	Computer stores chain	2.5	4.9
MicroAge			

* Total investment in Docutel \$51m, including transfer of Olivetti assets valued at \$37.5m as part of merger.

** Plus \$1.3m in convertible debentures.

there. Today, he is based at the corporate headquarters in Ivrea, near Turin, with a staff of half-a-dozen, but spends about four months a year in the U.S.

Piol's starting point for investments is to define the broad areas of activity where Olivetti is looking for new products or technology. The first rule for selecting prospects is that their business must complement Olivetti's own. "Initially, it was difficult to find the companies we wanted," he said. But Olivetti has now established a network of links with U.S. investment banks, venture capitalists and the electronics industry which provides a regular flow of information about investment opportunities.

Nonetheless, to Piol's regret, it is rare for the company to be invited to participate in the first-round of start-up financing.

usually the most rewarding for investors. "If you are a private entrepreneur, you don't immediately think of Olivetti," Piol says. "At that stage you want money, not commitment to a large manufacturer."

One of Olivetti's first trans-Atlantic forays was the purchase of 17 per cent of Docutel, a Dallas-based manufacturer of banking equipment and cash dispensers, for \$5.2m in 1980. The relationship has prospered, and a \$37.5m merger was recently agreed between Docutel and Olivetti's U.S. subsidiary.

Olivetti owns 46 per cent of the new company, Docutel Olivetti, with an option to acquire a majority of the shares. It is intended to be the Italian company's principal trans-Atlantic bridgehead. A

plan to integrate the two managements is now being worked out and will probably involve moving Olivetti's former headquarters staff from New York to Dallas.

Docutel, a publicly-quoted company with sales this year of about \$120m, an established customer base and product range and a seasoned management team, is untypical of the companies in Olivetti's U.S. portfolio. Many of the others are less than five years old, often with only one product which, in some instances, they have still to launch onto the market.

These young seedlings, Piol emphasises, need special care. His years in the U.S. taught him that corporate goliaths which buy small technology-based companies and try to mould them in their own image invariably end up crushing the vital entrepreneurial spirit which made them attractive takeover targets in the first place.

For this reason, one of Olivetti's cardinal rules is not to aim for majority control but for a "significant" minority stake which places it among the largest shareholders. In every case, it also insists on the rights to distribute the company's products outside the U.S.

In the first instance it seeks an exclusive distribution agreement, though Piol says that after two years it may be revised if the company can show that it could sell more overseas through other channels.

"That can be an attractive trade-off for a start-up company which cannot afford its own direct sales force overseas," says Pat Welch of Welch Carson Anderson and Stowe, a New York venture capital firm which is a co-investor with Olivetti in Syntax, a word processor manufacturer. "A small company feels less threatened giving its overseas sales rights to Olivetti than if it signed away its U.S. rights to a large American corporation."

Though Olivetti's equity investments normally entitle it to a seat on the board, Piol says that it tries to ride its American herd with as loose a rein as possible. "We try to influence their

product strategy, not their day-to-day operations. Our aim is to leave them independent under local management."

He admits that adhering to this principle can call for a good deal of self-restraint, especially when Olivetti's engineers start to work closely with technical experts in a U.S. company. "You cannot insist on having your way just because you are the strongest, or you kill the company."

"You must use persuasion. I cannot afford to let people think that they cannot ever lose a fight with Olivetti."

Senior executives of several of the companies say that Olivetti tends to practise what it preaches. "Olivetti is sensitive to the needs of a small company. There is a good spirit of co-operation between us," says John Lee, chairman of Lee Data, which makes computer display terminals.

According to Dieter Heidrich, president of Prolink, which has developed a low-cost office automation system: "The key thing is that Olivetti doesn't try to become expert overnight and start telling our management how to do things." Both Lee and Heidrich say that they originally sought out Olivetti as an investor.

Heidrich has known Piol since 1969 and is convinced that the latter's personal resourcefulness and pragmatism are a vital element in Olivetti's U.S. strategy. "Piol has phenomenal energy and immense tenacity in seeking solutions to problems," he says.

More modestly, Piol stresses the importance of having his own base in the Ivrea headquarters, where he can act as a contact point for the U.S. companies while remaining close to Olivetti's day-to-day operations. "I would refuse to move permanently to the U.S. because I don't want to lose touch with Olivetti's requirements."

He also insists that each of the American companies be treated as separate entities, not as parts of the same conglomerate, and encourages them to develop their own lines of communication and working relationships with Ivrea. "All our



The acquisition programme is the brainchild of Carlo de Benedetti (right); Elisertino Piol (left) masterminds it from Italy but spends four months of the year in the U.S.

The good, the poor and the average

"A VENTURE capital partnership with our portfolio would be very happy," according to Elisertino Piol. He estimates that the venture capital investments made by Olivetti between the spring of 1980 and last October at a total cost of \$63m are now worth about \$96m.

The gains are chiefly due to the performance of nine companies which, he says, are doing exceptionally well. Five others he describes as "about average. But four of our companies I consider critical. These four occupy about half my time. The ones that are doing well occupy no time at all."

He declines to identify the companies by name, on the grounds that his assessments may not be shared by the managements concerned and publication could jeopardise their relations with Olivetti. "Until the start of this year, we didn't really understand

why one of our companies was doing well or badly. We now realise that if it is performing poorly, there are two main reasons. Either Olivetti is not selling its products properly, or the management needs to be changed."

Any remedial action taken varies from case to case, though Olivetti is always careful to reach agreement in advance with the company's other major shareholders.

One of the American companies which has passed through a rough patch is Ithaca Intersystems, a manufacturer of microcomputers, which last year lost \$1m on sales of \$3m. Last July Olivetti and other major shareholders brought in a new chairman, Bob Klein, who had previously worked with Digital Equipment.

Disagreements over Ithaca's business plans and Olivetti's marketing of its products led to severe personality clashes

between the companies, Klein recalls. "But Olivetti wisely stood back and let the dust settle before making any decisions," he says.

Piol, who sits on the boards of about half-a-dozen of the companies, admits that it has required an increasing effort to keep track of the different U.S. operations as Olivetti's investment portfolio has grown. His own staff has doubled to six over the past two years, but he is reluctant to expand it much further in case it becomes too bureaucratic.

Flexibility, he believes, is a key reason why Olivetti's excursion into venture capitalism has yielded more positive results than the acquisition strategies of some large American industrial companies. "We have done better not because we are more intelligent but because we do not adopt too rigid a policy."

American companies are following strategies related to Olivetti, not to each other. If they are doing well, they talk to everyone at Olivetti."

In several instances, co-operation has already developed beyond just distribution arrangements. Olivetti now makes in Italy half the Syntax word processors which it sells in Europe. It is also writing software (programming) for a non-stop computer developed by another of the companies, Stratus, which will be entitled to sell the programmes in the U.S. as part of its own product

line. The hectic pace of Olivetti's acquisition spree has started to slacken recently and the company is now starting to think about consolidating its position. Further investment in the foreseeable future will be directed mainly towards companies in which it already has an interest, notably Docutel Olivetti and Irwin Olivetti.

Over the next two to three years, Piol expects the companies in its portfolio to divide naturally into one of two categories. Olivetti plans to reduce its stake in those which either

fail to develop new products or whose business strategies start to diverge from its own requirements. On the other hand, it will seek to take over others whose long-term development fits its own plans.

"I believe that we may develop a conflict of interest with some of the companies over time," Piol says. "It is rather like taking a lover. You have a lot of fun together. But a moment comes when you must decide whether to free the girl to live her own life and realise her own ambitions or to divorce your wife."

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THE ARTS

Hercules/Sadler's Wells Theatre

David Murray

Handel's Hercules is an opera—musical drama was the description he preferred—that prompts producers to talk of problems and solutions. The action unfolds at a majestic pace, with the arias boasting the da capo repeats that drive producers to their wits' ends; there is not only a semi-detached commentator with several extended arias of his own, the Herald Lichas, but a chorus that steps forward to offer sententious morals as each scene ends. Yet the music is histrionically dramatic as well as grand, with each principal character exposed at least once to violent emotional strains.

Coming Clean/Bush

Rosalind Carne

Dramatic intellect must work on a core of feeling, and though it would be possible to view Kevin Elyot's first play as a comedy of low camp manners it succeeds precisely because he manages to stay in touch with that core. There's surface wit and nice observations of gay life in the neither regions of Tufnell Park, the episode of homosexual sex, but above all there is a hot-line to the emotions in an unusually unselfish love story.

Texaco to sponsor ECO tour of USA

Charlie Chester in G & S

Texaco is to sponsor the English Chamber Orchestra's 1983 tour of the United States. It is providing over £60,000 for the ECO to undertake a 15-city tour in October/November 1983.

Editor's Proof

Hundreds of newspapers and magazines in 35 countries are already using the Financial Times Syndication Service.

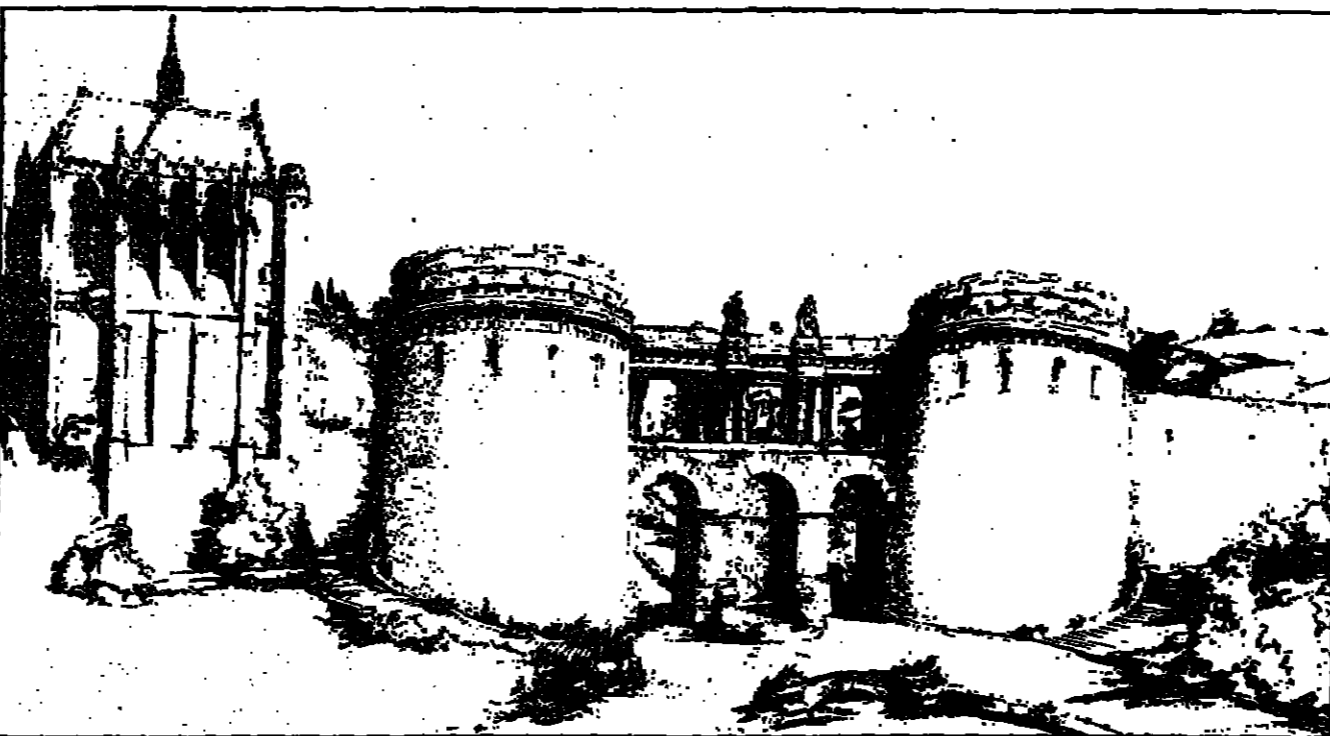
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Arts Guide

Music/Monday, Opera and Ballet/Tuesday, Theatre/Wednesday, Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Music

Ensemble Intercontemporaine conducted by Ronald Zollman: Baird, Sikora, Lutoslawski (Mon), Theatre du Rond Point (2057000). Siegfried Jerusalem recital (Mon), Theatre de l'Athenes (7426727).



Edwardian ambition—Gordon Selfridge planned this giant castle overlooking the Isle of Wight

Architecture

Colin Amery

The last country houses

Nostalgia for the English country house is the lifeblood of so much architectural and social history today. The existence of a flourishing National Trust; a weekly magazine devoted to the ideal country life; a flood of young aesthetes struggling to record and imitate a vanishing way of living—all is evidence that the country house still occupies a crucial place in the national mythology.

Messiah/Barbican Hall

Richard Joseph

This tired and ill-used music is acquiring a new lease of life with the introduction of period instruments and Baroque performing styles. John Elliot Gardiner's edition, heard on Saturday night, was a fresh and informed response to Handel's score, moving it away from accepted traditions and closer to Baroque operatic practice.

LPO/Festival Hall

Andrew Clements

Friday's Festival Hall concert served up its first and major disappointment as soon as one entered the foyer. Arthur Grumiaux was scheduled to be the soloist in Mozart's G major violin concerto, K.216; his appearance in London are rare enough, and his stature great enough, to have made the evening an event.

Fanciulla del West/Covent Garden

David Murray

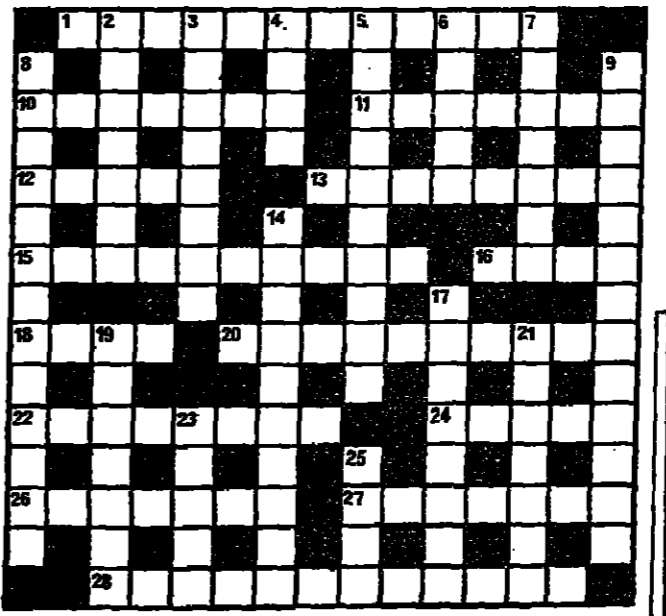
Superbly fagged out, Puccini's Gold Rush fantasy rides again at the Royal Opera: very high camp, very spaghetti-Western. If Fanciulla is to be done now, the way to do it is Piero Fagioni's—his production, his costumes, his lighting. This baroque cinema-style, all elegant line and high shadow, perfectly accommodates Italian figures in a wild-West landscape; the charade can be played for all its worth without asking us to take it seriously.



Marilyn Zschau and Placido Domingo

F.T. CROSSWORD PUZZLE No. 5,019

- ACROSS
1 Break to cover the task force (12)
10 Nozzles for aeroplanes on American fuel? (3-4)
11 An attractive item, nothing more for a small generator (7)
12 Jane has one in the nest (5)
13 Periodical signal to wake the military (8)
15 He dabbles superficially as he has talent tied in knots (10)
16 What lies at sea in the sea? (4)
18 We in being in the red were in debt (4)
20 Sailor and Scotsman on the road (10)
22 In this apparent indication (8)
24 Kings are accepted as being less common (5)
26 French revolutionary leader says hello in an Indian language? (7)
27 Can I be friendly? (7)
28 The place for a poet and economist? (6, 6)
DOWN
2 Breathe, one of two we have to face (7)
3 In chapel even this late (8)
4 Writings about one young lady (4)
5 Season that starts in March (10)
6 One tless by the fireplace (5)
7 Practically unnecessary pointers (7)
8 Consented after negotiation as to how the school year is divided (6, 2, 5)
9 Protected German money and French when goods are sold (7, 6)
14 Drink taken from harmonicas (10)
17 Inadequate supply leaves its mark on the town (8)
19 Noted saying: "Mixed pie has little weight" (7)
21 Long-lasting goods (7)
23 Praise when old road tax finished early (5)
25 What punters do in return (4)



Solution to puzzle No. 5,017
PERSONAL GROWTH
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FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4B7

Monday November 8 1982

Future of the Falklands

THE PROBLEM of the Falkland Islands is, as always, one of perspective. In that sense, the vote at the United Nations General Assembly on a resolution of negotiations between Britain and Argentina...

Cooperation To return to the sense of perspective, however, British possession of the islands in the 1980s is anomalous. It is expensive. The costs of the Falklands campaign may have been absorbed, but the costs of serving the islands and preventing another invasion may be very large.

UK perspective Yet there is also a British perspective. It is unrealistic to expect that a country which has just lost several hundred dead, suffered many more disabled, and great expense in repossessing a territory that was invaded should quickly re-open negotiations with the aggressor with the aim of giving it away.

Mr Brezhnev and his generals

PRESIDENT REAGAN is only one of many people assessing what last week's U.S. mid-term elections bode for his next two years in the White House. So are leaders in the Soviet Union whose press has been describing the Congressional results as a setback for the Republican president and his policies...

Spending The alarming feature is how the superpower hawk feeds on each other. Mr Caspar Weinberger, the U.S. defence secretary, quickly concluded that the Brezhnev speech emphasised the need for the U.S. to plug on with increased military spending.

Yet, it is not so simple for the East or so bleak for the West as a first reading of Mr Brezhnev's speech might suggest. For the Soviet leader also went on to remind his military of the shortages and bottle-

"IT'S NOT fair," complained Viscount Etienne Davignon with just a hint of pride as he replaced the telephone. "Now they're dragging me into fish."

With Mr Gaston Thorn, the President of the EEC Commission, away on a visit to Nepal, it was scarcely surprising that the Brussels Commission's foremost fire-fighter should be co-opted into the last-minute negotiations on the common fisheries policy that have, after six turbulent years, now put a settlement tantalisingly within reach.

His exceptional portfolio combines both industry and energy, but just where he goes from his present commanding position is, intriguingly unclear. For the lanky, urbane and irrepressibly self-confident Belgian aristocrat is not without his opponents in European politics and industry.

Two years ago he made a determined bid for the Commission presidency, only to find himself blocked by the implacable opposition of France's then President Giscard d'Estaing.

Energy Agency when he became its chairman in 1974 were just the first of the slights that Giscard never forgives. In Belgium politics his active role and indeed his lineage as the grandson of the country's Foreign Minister before the first World War, should guarantee him a golden future.

Looking towards the 1990s, M Davignon can conjure up visions of an EEC steel industry which, thanks to an ambitious investment and technological research drive in this decade, will have overcome its chief handicaps. The produc-

tion levels that make European production costs some 15-20 per cent higher per tonne of steel than those of Japan will have been drastically improved, and to that end the EEC steelmakers will have forsworn the twin "strategic" arguments that have dogged the industry's thinking.

At first sight, M Davignon's hands on the need to narrow the gap between actual and potential output, but instead on achieving efficiencies that will permit steelmakers to operate far below capacity.

Small and sweet It was a sweet-toothed colleague, Nicholas Colchester, who advanced the black art of economics recently with his explanation of a great truth—that the value of the Mars Bar is a basic and reliable yardstick of the economy.

Nut cases News that the world's first "cocobomb" has been successfully tested by the military forces of the Philippines armed forces should be a matter of more than passing interest to us all.

Good Party The Liberal party in Canada, meeting in Ottawa at the weekend, reached one of its most sensitive resolutions. The youth wing was attacking back-room politics and, by implication, the leadership style of Prime Minister Pierre Trudeau.

Donaldson's Law Full marks to Sir John Donaldson, the new Master of the Rolls, for his plea to Parliament to make the law more readily understandable by the ubiquitous man on the Clapham omnibus.

Men & Matters come weapons of war. Nobody knows just how many coconut palms there are in the world. But it is estimated that up to 15bn nuts are produced each year.

There was no market for small boats—boats that cost about 35-feet," he says. "We did our market research and have created our own market which we are confident will give us sales of £10m a year."

There is nothing else to touch those Aunt Sallies might be

VISCOUNT ETIENNE DAVIGNON

Europe's man of steel

By Giles Merritt in Brussels



Ashley Ashwood/Bruna Radovic

The new Davignon approach may enable steelmakers to operate far below capacity

As M Davignon contemplates the hard bargaining over steel that is soon to begin, his instinct for negotiation and what he himself calls "fond persuasion" becomes apparent. He has more bad news in store for steel, which will certainly make the talking tougher, but

HOW EMPLOYMENT HAS TUMBLLED

Table with columns for years (1974-1982) and rows for UK, West Germany, Italy, France. Figures in thousands.

Figures are monthly averages for ECSC activities. † Provisional figures for January to September. Source: Eurostat Quarterly Iron and Steel Bulletin.

trate far more on separate sectors and develop cost-saving product-exchange techniques. He points to the blueprint of the recently agreed EEC man-made fibre producers' pact for a radical set of complementary closures and stresses that steel will find it commercially necessary to follow suit.

On the brighter side, the target is misleading suffer cuts amounting to several millions of tonnes, but now M Davignon warns that those figures "are definitely on the high side."

There is, however, a brighter side to M Davignon's assessment of the situation. It is that the impossible target of 48m tonnes of EEC capacity in finished steel products that apparently needs to be cut by 1985 is misleading.

As M Davignon contemplates the hard bargaining over steel that is soon to begin, his instinct for negotiation and what he himself calls "fond persuasion" becomes apparent. He has more bad news in store for steel, which will certainly make the talking tougher, but

A PLACE CALLED MACALLAN

In the parish of Knockando, by the exuberant if chilly waters of the Ringorm Burn that flows into the fabled Spey stands the ancient manor-house of EASTER ELCHIES, for generations the nub of the activity surrounding the production of The Macallan malt whisky.



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Observer

CHANGE IN SOUTH AFRICA

Botha gets his opportunity

By J. D. F. Jones in Johannesburg

SOUTH AFRICA'S Prime Minister, Mr P. W. Botha... mainly notable for proposing to bring the Coloured and Asian former Defence Minister...

Mr Botha thereby split his own Afrikaner ranks and was fighting two white supremacist parties to his right...



Prime Minister Botha seems to be holding off the challenge from the Right.

There was never any doubt about the availability of the IMF loan once the Cabinet had been persuaded a few months ago to adopt the sort of programme...

Botha can relax—but now he has no excuse

critics should note that one of the hidden benefits of the loan is that it will help South Africa's technocrats insist that the politicians maintain restrictive policies...

But the holding of four by-elections on the same day was more of a gamble. The Government has for six months been selling the country, and in particular its own national party...

The Prime Minister has challenged the racist prejudices of the Whites by proposing to find room for the Coloureds (2.5m) and Indians (10m) in a White (4.5m) political system.

The problem is that he may have gone to all this bother without persuading the Coloureds and Indians to accept the invitation...

Ominously, the middle of the road Association of Management Committees rejected the

constitutional guidelines a month ago and, even more dangerous for Mr Botha, the Black Alliance (which links the Zulu Inkatha Movement of Chief Buthe with the Indian Reform Party and the Coloured Labour Party, seemed to say the same a fortnight later.

Most people here agree that it is essential that Mr Botha win the backing of the Labour Party, led by the Rev Allan Hendrickse and the veteran Mr David Curry, at its annual congress early in January...

The Confederation of "South Africa is changing," say the advertisements, but that is not intended to apply to the political prospects of the country's 20m black majority.

The Confederation is not looking so rosy. All but one of the other six self-governing nation-states have made it clear they do not intend to ask for "independence."

With our increasingly restricted spending we should concentrate on building up sufficiently large efforts in those areas in which we are most skilled and successful...

Our understanding of the Revenue view is that it will not give such an adjustment if the covenant is covered by net unearned income—that is investment income received less deductible mortgage interest paid.

Where there is no such income and the covenant is paid out of salary, a coding adjustment should be available.

Some district inspectors seem to have been a little slow in grasping how to administer the relief, but we are assured that everything possible is being done to instruct them in its mysteries.

Richard Alston, Knightsbridge House, 197 Knightsbridge, SW7

start to tackle the enormous requirements of housing, education and welfare. Yet, in the middle of all this, his officials have come up with the Orderly Movement and Settlement of Persons Bill...

fundamental "political" issues: the resettlement of between 2m and 3m people in the homelands since 1980, the South African citizenship rights of the newly declared citizens of nation-states which are not recognised by any other government in the world...

Mr Botha tackles this issue on Thursday when he has invited the leaders of the four existing independent nation-states—Transkei, Bophuthatswana, Venda and Ciskei—to Pretoria to discuss the setting-up of what used to be called a Confederation of Southern African States...

Problems with the old-guard bureaucracy

of the Constellation—that it acted as a link with other states in the region—is further away than ever, unless the Swazis, temporarily king-less, can be persuaded to agree to some deal with the aid of land grants.

Nothing challenges the reformists so awkwardly as the future of the Blacks in the white cities. Only right-wing ideologists will now deny that 70 per cent of the population of the white urban areas will be black.

But for the summit to make sense, it will have to touch on

Lombard

What is wrong with the SDP

By Peter Riddell

THE Social Democratic Party is in danger of misreading the shift in British public opinion—and so wasting the opportunity it so successfully created last year.

The doubts are apparent both inside and outside the party—and were reflected in the recent by-election results. The significant feature of both Peckham and Northfield was the low turnout. Unlike last winter's by-elections, voters disillusioned with the Tory and Labour parties stayed at home.

Variable

The Alliance has failed to establish a clear identity. And that really means the SDP, while the opinion polls show the Liberals with a roughly steady share of the vote, it is the SDP which is the variable element and possible booster to national success.

Detached

There is also a problem of style. The SDP emerged as a counter-revolution against Thatcherism and Bennism—a dispossessed centre/Labour right establishment and by successful professional people and managers excluded from power.

Masochistic

My hunch is that this is because many of the SDP leaders have not yet grasped the populist and somewhat masochistic trend of public opinion. Anyone who has accompanied canvassers recently can give examples for both the dislike of large organisations (whether local housing authorities, big unions or state monopolies) and the

apparent willingness to accept tough solutions. Mrs Thatcher has so far been the only leader to have exploited this mood.

SDP leaders and activists frequently talk about the need for a radical approach, whatever that means. And in their proposals for "democratising" the unions, they may have struck a popular note. But in other respects the party's ideas are too often a product of the conventional thinking which condemns reflecting the bureaucratic interventionist strand in Labour.

Mr Jenkins, for example, has repeatedly said he does not want to change the frontiers between the public and the private sectors. However, much of state industry is widely regarded as inefficient and unproductive. There are plenty of ways of breaking up state monopolies which are different from the Thatcherite approach of selling them to institutional shareholders. For example, why not hand over the Yorkshire coalfields to the miners? There is scope for co-operatives of all kinds, partnerships with the private sector and management buy-outs, as well as injection of competition. The SDP ought to welcome such moves, rather than taking Labour's defensive approach and relying on an industrial strategy drawn from the 1960s.

Letters to the Editor

Import controls and the UK clothing industry

From the Director, British Clothing Industry Association. Sir—In his Lombard column on November 1, Mr Samuel Britan recognises that an emergency safeguard action has to be taken against imports. While we welcome his recognition that industry does sometimes need protection, his conclusions as to the kind of action necessary are inadequate and inappropriate at least as far as the UK clothing industry is concerned.

certainly never registered in the retail price index, where clothing is the lowest single item and has scarcely risen in the last few years. As for subsidies, the industry has always rejected such a course as distorting the market more drastically than any import controls, particularly as subsidies would be handled on a national basis and not on a multilateral basis as is the MFA to which U.S., Canada, the Scandinavian countries, etc. are party.

The sales stickers are scarcely ever off the windows of the High Street shops. Prices advertised for imported garments in the trade press indicate artificially low prices rather than artificially high prices. The consumer pays very little for the limited protection the MFA affords the industry. G. W. French, BCIA, Wellington House, 6-9 Upper St Martin's Lane, WC2.

Basic research spending

From the Managing Director, Finley Research Institute. Sir—In your editorial of November 3 there was an assumption that UK basic research in universities and other national laboratories is a necessary element in innovation/innovation process. This assumption is inherent in our current culture of believing that it is un-British to develop ideas arising in other countries. Contrary to popular myth, our basic industrial revolution exploited many overseas inventions, but success fostered our native insularity, with consequences which are now all too evident. It really is not necessary any more, indeed I am arguing that it never was, for the spread of basic science in Britain to elsewhere that which is going on elsewhere.

Management aid

From the Director, Development and Training Services, Inbuscon Management Consultants. Sir—While agreeing with much of Mr J. Quincy Hunsicker's article on matrix structures (October 22), it should not be overlooked that these structures have a great deal to offer as a transition or change-process tool. By surfacing the unofficial working relationships in the enterprise by means of a matrix structure, many UK companies facing the uncertainties of recent years have found that they have been able to release exactly the key managerial competencies required for the successful management of change. When properly used, such structures can and do encourage effective decision-making throughout the organisation, together with the flexible use of managerial skills and styles, sought by Mr Hunsicker.

Charitable covenants

From the Director, Charities Aid Foundation. Sir—Mr Downing (October 30) complains that he cannot get a PAYE coding adjustment for higher rate tax relief on his charitable covenants. Our understanding of the Revenue view is that it will not give such an adjustment if the covenant is covered by net unearned income—that is investment income received less deductible mortgage interest paid. This seems reasonable enough, since the higher rate tax on such income is usually paid by direct assessment after the end of the year and it is only fair that the relief is given against it.

Bank guarantee for tax

From the Managing Director, Tax File. Sir—A new Inland Revenue policy requiring a bank guarantee for payment of tax could prove an impossible barrier for people in the construction industry—and should concern all the self-employed. In addition to the Revenue 714S certificates the Revenue is now introducing a certificate 714S to be issued to those leaving full-time education or training and to the unemployed or anyone who had been working or living abroad. These certificates entitle the holders, as sub-contractors in the construction industry, to receive up to £150 a week without deduction of tax.

Jobs and the strong pound

From Mr R. Berry. Sir—Further to my letter to your column in November 1980 concerning "Jobs and the strong pound," I feel that I should keep you au fait with the current situation. Overseas have been trimmed, the "dead wood" removed and automation introduced where possible—(being in the business of designing and building "one-off" special purpose machines—that has been difficult).

Bank guarantee for tax

will be required to sign documents giving the bank a charge on the property. Is this the thin edge of the wedge? I have been under increasing pressure from the Revenue in recent years? Dennis J. Fowie, 4, Valentine Place SE1.

Management aid

Richard Berry, The Universal Jig and Gauge Company, 5-11, Tower Street, Birmingham.

Charitable covenants

Where there is no such income and the covenant is paid out of salary, a coding adjustment should be available. Some district inspectors seem to have been a little slow in grasping how to administer the relief, but we are assured that everything possible is being done to instruct them in its mysteries. M. J. M. Brophy, 28 Pembury Road, Tonbridge, Kent.

Bank guarantee for tax

Banks do not give guarantees lightly and with such potential liabilities running into thousands of pounds it is likely that many unemployed will fail to secure bank managers to support them. Even if they do, it seems that the only real security some will be able to offer will be their private bonds. Both husband and wife

Bank guarantee for tax

unfortunately has never to our knowledge claimed that the MFA put up the price of clothing by 15-40 per cent. It predicted in autumn 1979 that children's clothing would rise by that amount by the following spring. No evidence was ever produced at a later date to show whether this happened or not but such increases

Bank guarantee for tax

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Bank guarantee for tax

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Companies and Markets

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

U.S. BONDS Fed disappoints but underlying trend remains firm

U.S. bonds prices rode out the uncertainties of the mid-term Congressional elections and the first stage of the Treasury's \$13bn quarterly refunding last week on the expectation that the Federal Reserve would soon have the room and the reason to cut the discount rate from 9.5 per cent.

When the Fed failed to cut the rate bond prices closed the week on a downturn although the underlying trend as evidenced by the renewed surge in new issues and shelf registrations, remains firm.

Trading volume in Government securities was thin on Monday, non-existent on Tuesday with most of the banks and

financial institutions closed for election day, but picked up in mid-week.

While the spotlight switched back to the stock market in the election aftermath bond markets got on with the business of the quarterly refunding.

The "old" Treasury long bond bid in fact trade at an all-time high of 130 7/16 at one point on Wednesday before the market decided that the refunding was not going quite as well as hoped.

Nevertheless the auction of \$6bn of three-year notes on Wednesday and \$4bn of 10-year notes on Thursday produced reasonably healthy retail demand and sharply reduced yields.

The upset was to come on Friday when despite further signs of weakness in the U.S. economy revealed in the latest unemployment statistics, the Fed drained reserves from the system.

The markets recovered from that setback quickly. Fed funds which traded up to 9.75 per cent dropped back to between 9 per cent and 9 1/2 per cent aided by predictions from Dr Henry

Denmark in efforts to regain bankers' confidence

DENMARK'S new finance minister, Mr Henning Christophersen, will visit the Kingdom's bankers in Europe and the U.S. in coming days with good news about the country's economic future.

Denmark's foreign borrowing requirement will in any case remain very large. The last official estimate for 1983 was Dkr 32bn of which the state expected to raise about Dkr 3bn and other public sector

calls on the market by stepping up project finance credits, thereby reducing the balance of payments financing.

Traditionally Denmark has raised about a third of its requirements in the bond market and, although the bond markets have become more choosy recently, the government intends to stick to this strategy.

The price of Danish bonds has slipped slightly in recent months against other countries with which Denmark likes to be compared. The government expects this to change from now on.

The banks are unlikely to get much sympathy from Denmark if they try to extract bigger spreads. When London inter-bank offered rates (Libor) were 16 per cent to 17 per cent, an extra 10 of a point was neither

In the Danish view, the banks should rather seek to differentiate between the good and the less good risks—and Denmark will resist paying any more than the best risk borrowers.

Cardo and Alfa-Laval in genetics venture

CARDO and Alfa-Laval, two of Sweden's largest industrial groups, have combined their biotechnology interests to create Alfa Biotech.

The decision to form Biotech follows hard on the heels of the recent investment by four Swedish groups in Genentech, a leading U.S. gene-splicing company.

At that time, Mr Harry Falkenberg, president and CEO of Alfa-Laval, bought 6.5 per cent of Genentech's shares in a private placement.

Genentech is a leading U.S. gene-splicing company. Genentech recently announced that a consortium led by Alfa-Laval, bought 6.5 per cent of Genentech's shares in a private placement.

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Increased offer for Pabst by Heileman

C. Heileman Brewing Company, the fourth-largest brewer in the U.S. is to make a cash offer worth up to \$150m for control of Pabst, the nation's fifth largest brewer.

Heileman's \$25-a-share bid for up to 6m Pabst shares would lift its existing stake in Pabst from 400,000 shares or about 4.8 per cent of the company up to 78 per cent and will be subject to a minimum of 3.7m Pabst shares being tendered.

The offer, agreed in principle by the companies, is Heileman's second bid for Pabst and marks the latest stage in a bitter year-long fight for control of the Milwaukee-based brewer.

In June a Heileman \$24-a-share offer for Pabst was blocked by the Justice Department on anti-trust grounds.

In the meantime Pabst has bought a 49 per cent stake in Olympia Brewing as part of a complicated merger deal designed to defeat the plans of Mr Irwin Jacobs, a dissident Pabst investor who controls 14 per cent of Pabst.

Top posts at Lloyds Bank International

Mr J. H. A. Merryweather, formerly chief manager, Switzerland, has been appointed managing director of LLOYDS BANK INTERNATIONAL (Belgium) SA.

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INTERNATIONAL APPOINTMENTS

Mr Michael Hartley has been appointed director and general manager of ROLLS-ROYCE (FAR EAST) in Tokyo.

Mr Albert J. Melrose has been appointed vice president, public affairs of KAISER STEEL CORP. Mr Melrose has served as director of investor relations for Lockheed Corp since 1979.

Dr James R. Zumberge, president of the University of Southern California, has been elected to the board of LITTON INDUSTRIES.

Mr Norman Lange has been elected corporate vice president, marketing for GENERAL INSTRUMENT CORP.

AMERICA DIVISION

Mr Fawaz H. Nabouli has been promoted to assistant vice-president of FIDELITY BANK'S London office.

In accordance with the bylaws of F. W. WOOLWORTH, John W. Lyan, vice-chairman, will be acting chairman pending the selection of a permanent successor.

Mr Norman Lange has been elected corporate vice president, marketing for GENERAL INSTRUMENT CORP.

Mr Norman Lange has been elected corporate vice president, marketing for GENERAL INSTRUMENT CORP.

CNT Caisse Nationale des Télécommunications £20,000,000 12 1/2 per cent. Guaranteed Notes 1989 unconditionally guaranteed by The Republic of France. S. G. Warburg & Co. Ltd. Banque Nationale de Paris, Algemene Bank Nederland N.V., etc.

FT INTERNATIONAL BOND SERVICE

Table with columns: U.S. DOLLAR, DEUTSCHE MARK, SWISS FRANC, FT INTERNATIONAL BOND SERVICE, YEN STRAIGHTS, OTHER STRAIGHTS, CONVERTIBLE, BONDS. Includes various bond listings with prices and yields.

U.S. BONDS

Table showing U.S. bond yields and prices. Columns: Bond description, Yield, Price.

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10/10/1982

NEW ISSUE

These Notes having been sold, this announcement appears as a matter of record only.

OCTOBER 1982

U.S. \$75,000,000

Dresser Overseas Finance N.V.

(Incorporated with limited liability in the Netherlands Antilles)

12 1/2% Guaranteed Notes Due 1989

Unconditionally guaranteed as to payment of principal, premium, if any, and interest by

Dresser Industries, Inc.

(Incorporated in Delaware)

Credit Suisse First Boston Limited

- Banque Bruxelles Lambert S.A., Banque Nationale de Paris, Banque Paribas, Baring Brothers & Co., Limited, Deutsche Bank Aktiengesellschaft, Merrill Lynch International & Co., Morgan Stanley International, Swiss Bank Corporation International Limited, Union Bank of Switzerland (Securities) Limited, S. G. Warburg & Co. Ltd.

Wood Gundy Limited

Table listing various international banks and financial institutions such as Algemene Bank Nederland N.V., Amro International, and others.

NEW ISSUE

These Notes having been sold, this announcement appears as a matter of record only.

NOVEMBER 1982

U.S. \$75,000,000



Finnish Export Credit Ltd

(Incorporated with limited liability in Finland)

12 1/2% Notes Due 1987

- Credit Suisse First Boston Limited, Morgan Stanley International, Amro International Limited, Banque Bruxelles Lambert S.A., Citicorp International Group, Deutsche Bank Aktiengesellschaft, Lehman Brothers Kuhn Loeb International, Inc., Merrill Lynch International & Co., Nomura International Limited, S. G. Warburg & Co. Ltd., Kansallis-Osake-Pankki, Postipankki, Union Bank of Finland Ltd., Bank of Helsinki Ltd.

Table listing various international banks and financial institutions such as Algemene Bank Nederland N.V., Andebank A/S, and others.

NEW ISSUE

These Notes having been sold, this announcement appears as a matter of record only.

NOVEMBER 1982

U.S. \$100,000,000

Export Development Corporation

(An agent of Her Majesty in right of Canada)



Société pour l'expansion des exportations

(Mandataire de Sa Majesté du chef du Canada)

11 1/2% Notes Due November 1, 1987

Credit Suisse First Boston Limited

- Wood Gundy Limited, Banque Paribas, Daiwa Europe Limited, Deutsche Bank Aktiengesellschaft, Salomon Brothers International, Swiss Bank Corporation International, Westdeutsche Landesbank Girozentrale

Table listing various international banks and financial institutions such as Amro International, Banque Nationale de Paris, and others.

NEW ISSUE

These Debentures having been sold, this announcement appears as a matter of record only.

NOVEMBER 1982

U.S. \$75,000,000

Southern California Edison Finance Company N.V.

(Incorporated with limited liability in the Netherlands Antilles)

11 1/2% Guaranteed Debentures Due 1990

Unconditionally guaranteed as to payment of principal, premium, if any, and interest by



Southern California Edison Company

(Incorporated in California)

Credit Suisse First Boston Limited

- Algemene Bank Nederland N.V., Banque Paribas, County Bank Limited, Kreditanstalt-Bankverein, Crédit Lyonnais, Dresdner Bank Aktiengesellschaft, Kredietbank, LTCB International Limited, Smith Barney, Harris Upham & Co., Société Générale de Banque S.A., Swiss Bank Corporation International Limited, Union Bank of Switzerland (Securities) Limited, S. G. Warburg & Co. Ltd.

Table listing various international banks and financial institutions such as Amro International, Bache Halsey Stuart Shields, and others.

Companies and Markets

UK COMPANY NEWS

TERRY GARRETT LOOKS AT CANVERMOOR'S USM LISTING

Draught flows southerly for Hemans

MORE than a decade ago, Tony Hemans was one of the men arguing that soft drinks manufacturers should be pushing energetically into draught products...

postmix and premix. As the names imply, one is concentrated syrup which is diluted with carbonated water on the outlet's premises, the other (premix) comes ready to serve...

push southwards. Apart from adding 400 new outlets in the past year - Canvermoor's biggest customer is now the Rolls-Royce Sports Club near Watford - the company has almost doubled its number of distribution depots...

under pressure with volume down in most existing outlets reflecting the decline in club and pub trade.

Mr Hemans started Canvermoor in 1972, wholesaling soft drinks no draught to social clubs in West Yorkshire. Five years later he had a factory in Normanton manufacturing his own product. The customer list has grown from 500 in 1979 to 1,500 today...

Enticed by a rapidly growing UK cider market, Canvermoor moved into draught cider this time last year. Unable to strike a deal with any of the UK manufacturers, Canvermoor turned to a German brewer as a source...

And apart from getting a factory closer to a major market - potentially doubling Canvermoor's output - Luton acts as an insurance policy against a disaster in the Normanton works.

Of the 30 per cent or so of the equity that will be played by stockbrokers Margretes & Addebrooke, East Newton a third of it will be one of the original partners (not involved in management) selling out. Virtually all the rest will be new money to fund the Luton development.

PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus*) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

Table with columns: Company Name, Announcement Date, Interim/Final, Dividend Amount, Announcement Last Year.

RECENT ISSUES

EQUITIES

Table with columns: Issue Price, Market Price, Stock, Closing Price, Change, Div. Yield, P/E Ratio.

FIXED INTEREST STOCKS

Table with columns: Issue Price, Market Price, Stock, Closing Price, Change, Div. Yield, P/E Ratio.

"RIGHTS" OFFERS

Table with columns: Issue Price, Market Price, Stock, Closing Price, Change, Div. Yield, P/E Ratio.

Renunciation date usually last day for dealing free of stamp duty. Fr French francs, figures based on prospectus articles. Dividend rate paid or payable on part of capital covered based on dividend on full capital, assumed dividend on part of capital covered based on dividend on full capital, assumed dividend on part of capital covered based on dividend on full capital...

Lloyds and Scottish re-groups

LLOYDS AND SCOTTISH which took over Bowmaker earlier this year to form one of Britain's three biggest finance houses, plans a significant reduction in its near-200 branch network.

Mr Alan Glass, of Cedar Holdings, will run the personal finance division which will be based in London and centred on Cedar Holdings.

The group has made a number of new appointments. Mr John Little will be group director, operations, and Mr Stephan Maran will be group director, finance.

In addition to the newly appointed directors of the three divisions the following directors have also been appointed: Mr D. S. Fielden, branch operations, Mr C. J. Harrison, marketing, Mr T. R. Wightman, information and planning, Mr G. F. Bacon, related activities, Mr R. E. Macauley, personnel, Mr P. F. Hook, support services, and Mr G. Cruickshank, special studies.

BOARD MEETINGS

Table with columns: Company Name, Meeting Date, Agenda Items.

FUTURE DATES

Table with columns: Company Name, Meeting Date.

Dominion International Group plc

This advertisement is issued in connection with the introduction of Dominion International Group plc and in compliance with the requirements of the Council of the Stock Exchange. It does not constitute an invitation to the public to subscribe for or purchase any Shares.

Fortnum & Mason midway loss up

After reporting heavier first early stage, of an improvement half pre-tax losses of £284,000 in customer volume and sales against £123,000, the directors of Fortnum & Mason, the Piccadilly, London, department store, say the second half has always generated the major proportion of sales profit - and this year's results, more than ever, depend on this pattern.

Nevertheless, Christmas will once again prove to be a critical period and at this stage they say it is not possible to forecast the outcome for the year, although given the level of loss sustained in the first half, it is unlikely that the company would

be able to match the trading performance of the previous year when pre-tax profits were up from £119,000 to £269,000. Sales improved from £3.63m to £3.63m in the 23 weeks to August 14. There was a trading loss of £425,000.

The interim dividend is unchanged at 3.5p - last year's total was 23.25p net.

FT Share Information

The following securities have been included in the Share Information Service. Ducaan (Walter) & Goodricks (Section: Trusts, Finance, Land), Oceana Consolidated (Trusts, Finance, Land).

M. J. H. Nightingale & Co. Limited

Table with columns: Company Name, Price, Change, Gross Yield, P/E, Fully Paid.

NACIONAL FINANCIERA, S.A. US\$150,000,000 Floating Rate Notes due 1990. For the six months 5th November 1982 to 5th May 1983. The Notes will carry an interest rate of 10% per annum and Coupon Amount of US\$202.78.

FINANCE FOR INDUSTRY TERM DEPOSITS. Deposits of £1,000-£50,000 accepted for fixed terms of 3-10 years. Interest paid gross, half-yearly. Rates for deposits received not later than 12/11/82.

Bank of Ireland announces that with effect from close of business on the 8th November, 1982 its Base Rate for Lending is reduced from 9 1/2% to 9% per annum.

Woolworth ahead at £15m. PRE-TAX profits of F. W. Woolworth, the chain store group, excluding profits made on property disposals, were nearly 40 per cent up at £5.2m in the third quarter of 1982 compared with £3.8m in the same quarter last year.

KANSALLIS-OSAKE-PANKKI U.S. \$50,000,000 Floating Rate Capital Notes 1992. In accordance with the terms and conditions of the above mentioned notes, notice is hereby given that the rate of interest for the six months from 8th November 1982 to 8th May 1983 has been fixed at 10 1/2% per annum and the amount payable on coupon No. 2 will be US\$508.72.

SNCF SOCIETE NATIONALE DES CHEMINS DE FER FRANCAIS £30,000,000 11 1/2 per cent. Guaranteed Notes 1989 unconditionally guaranteed, as to payment of principal, premium (if any) and interest, by The Republic of France. Kleinwort, Benson Limited. Banque Nationale de Paris, Banque Bruxelles Lambert S.A., Chemical Bank International Limited, Credit Suisse First Boston Limited, Merrill Lynch International & Co., Morgan Guaranty Ltd, Samuel Montagu & Co. Limited, Banque Indosuez, County Bank Limited, Lloyds Bank International Limited, Morgan Grenfell & Co. Limited, Swiss Bank Corporation International Limited, S. G. Warburg & Co. Ltd.

U.S. \$68,000,000 EXXON Finance N.V. 10 1/2% Guaranteed Notes due November 1, 1989. Payment of principal and interest on the Notes is guaranteed by EXXON Corporation. The purchase of these Notes represents the completion of the issue of US \$200,000,000 10 1/2% Guaranteed Notes due November 1, 1989. MORGAN GUARANTY LTD. November 8, 1982.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Further records for the dollar

The dollar touched record levels in the foreign exchange market last week after two days of very quiet trading on Monday and Tuesday.

on this point could be revived at any time by signals from the Fed through intervention to add liquidity to the domestic banking system.

FINANCIAL FUTURES

Prices firm

After a quiet start to the week with trading subdued ahead of the U.S. mid-term elections and the large Treasury quarterly refunding programme.

LONDON

Table with columns for U.S. Treasury Bills (1MM) 51m points of 100% and 3-Month Eurodollar 51m points of 100%.

Table with columns for 3-Month Sterling Deposit 250,000 points of 100% and 3-Month Eurodollar (1MM) 51m points of 100%.

Table with columns for 3-Month Eurodollar (1MM) 51m points of 100% and 3-Month Sterling Deposit 250,000 points of 100%.

Table with columns for 3-Month Eurodollar (1MM) 51m points of 100% and 3-Month Sterling Deposit 250,000 points of 100%.

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Table with columns for 3-Month Eurodollar (1MM) 51m points of 100% and 3-Month Sterling Deposit 250,000 points of 100%.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns for ECU central rates, Currency amounts, % change, and Divergence limit %.

OTHER CURRENCIES

Table with columns for Nov. 5, £, \$, and Note Rates.

THE POUND SPOT AND FORWARD

Table with columns for Nov 5, Day's spread, Close, One month, % Three months, % p.a.

FORWARD RATES AGAINST STERLING

Table with columns for Dollar, Spot, 1 month, 3 months, 6 months, 12 months.

BANK OF ENGLAND TREASURY BILL TENDER

Table with columns for Nov. 5, Oct 89, Nov. 5, Oct. 89.

THE DOLLAR SPOT AND FORWARD

Table with columns for Nov 5, Day's spread, Close, One month, % Three months, % p.a.

CURRENCY MOVEMENTS

Table with columns for Nov. 5, Bank of England, Morgan Guaranty, Special Drawing Rights, European Currency Unit.

WEEKLY CHANGE IN WORLD INTEREST RATES

Table with columns for Nov. 5, change, Nov. 5, change.

EXCHANGE CROSS RATES

Table with columns for Nov. 5, Pound Sterling, U.S. Dollar, Deutschmark, Japanese Yen, French Franc, Swiss Franc, Dutch Guilder, Italian Lira, Canadian Dollar, Belgian Franc.

MONEY MARKETS

A new lease for Liffe

BY COLIN MILLHAM

A whole new range of trading possibilities opened up last week with the start of the three-month sterling interest rate contract on the London International Financial Futures Exchange.

market, while the other enjoys lender of last resort facilities with the Bank of England, but the fact remains that British and U.S. interest rates will probably fall over the next four months.

LONDON MONEY RATES

Table with columns for Nov. 5 1982, Sterling, Interbank, Local deposits, Finance Deposits, Company Deposits, Discount, Treasury Bills, Eligible Bills, Fine Bills.

MONEY RATES

Table with columns for NEW YORK, GERMANY, FRANCE, JAPAN, SWITZERLAND.

INTEREST RATES

EURO-CURRENCY INTEREST RATES

Table with columns for Nov. 5, Short term, 7 days notice, Month, Three months, Six months, One Year.

MONEY RATES

Table with columns for NETHERLANDS, GERMANY, FRANCE, JAPAN, SWITZERLAND.

FT LONDON INTERBANK FIXING

Table with columns for 3 months U.S. dollars, 6 months U.S. dollars, 9 3/4 bid, offer 9 7/8, bid 9 13/16, offer 9 15/16.

Swire Pacific Limited

Interim Dividends for 1982 Scrip Dividends

The average last dealt prices of the Company's shares on the stock exchanges in Hong Kong on which the Company's shares are traded, for the five trading days up to and including 5th November 1982, were:

Table with columns for A shares, B shares, HKS, 8.13, 1.35.

In a letter to shareholders from the Chairman dated 4th October 1982, it was announced that the directors had declared interim dividends on 24th September 1982 in respect of the year ending 31st December 1982 of 24.0c per A share and 4.8c per B share and that the directors had resolved that, as to 23.0c per A share and 4.5c per B share, these dividends should take the form of scrip dividends to be satisfied by the issue of additional A and additional B shares respectively, but that shareholders should be able to elect to receive these dividends in cash in respect of all or part of their shareholdings.

Applying the average last dealt prices noted above, the number of new shares which shareholders will receive in respect of their existing shares for which elections to receive cash are not deposited with the Registrars in Hong Kong or with the Registrars' Agents in the United Kingdom before 3 p.m. on 12th November 1982 will be calculated as follows:

Table with columns for For A shares, Number of new A shares to be received, Number of existing A shares, For B shares, Number of new B shares to be received, Number of existing B shares.

Certificates for the new A and B shares in respect of the scrip dividends, which will rank pari passu with the existing issued shares of the Company, together with the dividend warrants in connection with the cash dividends of 1.0c per A share and 0.2c per B share, will be despatched to shareholders on 23rd November 1982, and dealings in the new shares are expected to commence on 26th November 1982.

By Order of the Board JOHN SWIRE & SONS (H.K.) LIMITED Secretaries

Hong Kong, 8th November 1982

Swire Pacific Limited The Swire Group Swire House, Hong Kong.

Northern Trust Corporation announces the opening of Northern Trust Bank of Florida.

A distinguished financial services institution designed to meet today's international banking needs.

Northern Trust Corporation has announced the opening of Northern Trust Bank of Florida in Miami, a new corporate affiliate of The Northern Trust Company of Chicago.

This is the second Northern Trust bank to be opened in Florida. Earlier this year the Northern Trust Bank of Florida/Sarasota was established. And in early 1983, Northern Trust banks will become operational in Naples and Palm Beach.

In forming Northern Trust Bank of Florida, we have merged the international expertise of Northern Trust Interamerican Bank, a Miami Edge Act bank, and the distinctive, personalized service of Security Trust Company in Miami, long recognized for pre-eminence in trust and asset management services.

We invite you to contact us, at your earliest convenience, to get acquainted with Northern Trust Bank of Florida and to learn—first-hand—how our uncompromising tradition of quality can benefit you.

For more information on how we can be of service to you, contact Northern Trust Bank of Florida, 700 Brickell Avenue, Miami, Florida 33131. Or in London contact Jeffrey F. Ruzicka, The Northern Trust Company London Branch, 38 Lombard Street.

The more you want your bank to do, the more you need the Northern.

Northern Trust Bank of Florida

A wholly owned subsidiary of Northern Trust Corporation, Chicago. Member F.D.I.C.

Notice of Redemption of

Masco Corporation

4 1/2% Convertible Subordinated Debentures Due 1988

Redemption Date: December 14, 1982

Conversion Right Expires December 14, 1982

NOTICE IS HEREBY GIVEN to the holders of the 4 1/2% Convertible Subordinated Debentures Due 1988 (the "Debentures") of Masco Corporation (the "Company") that, in accordance with the terms of the Indenture dated as of February 1, 1973 between the Company and First National City Bank (now "Citibank, N.A.") as Trustee, the Company has elected to redeem all of the Debentures outstanding on December 14, 1982 at a redemption price of 100% of the principal amount thereof plus accrued interest from February 1, 1982 to December 14, 1982.

DEBENTUREHOLDERS HAVE, AS ALTERNATIVES TO REDEMPTION, THE RIGHT TO SELL THEIR DEBENTURES OR, ON OR BEFORE THE CLOSE OF BUSINESS ON DECEMBER 14, 1982, TO CONVERT SUCH DEBENTURES INTO THE COMMON STOCK, \$1.00 PAR VALUE, OF THE COMPANY (THE "COMMON STOCK").

The Debentures may be converted into the Common Stock at a conversion price of \$32.24, and holders of the Debentures who elect to convert will receive 31 shares for a \$1,000 Debenture. In order to effect this conversion, a Debentureholder should direct written notice of election to convert to the Paying and Conversion Agent stating the name or names (with addresses) in which the certificate or certificates for the shares of Common Stock deliverable upon such conversion shall be issued, together with the Debentures to be converted and all unattached coupons. A holder who surrenders Debentures for conversion will receive a certificate for the full number of whole shares of the Common Stock to which he is entitled. No fractional shares will be issued upon conversion of any Debentures, but in lieu thereof the Company will pay in United States dollars an amount equal to the market value of such fractional shares.

IMPORTANT FACTS ABOUT REDEMPTION AS DESCRIBED ABOVE, BASED UPON CURRENT MARKET PRICES, THE MARKET VALUE OF THE COMMON STOCK INTO WHICH THE DEBENTURES ARE CONVERTIBLE IS SIGNIFICANTLY GREATER THAN THE AMOUNT OF CASH WHICH WOULD BE RECEIVED UPON SURRENDERING THE DEBENTURES FOR REDEMPTION. ALL RIGHTS TO CONVERT THE DEBENTURES INTO THE COMMON STOCK EXPIRE AS OF THE CLOSE OF BUSINESS ON DECEMBER 14, 1982.

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PAYING AND CONVERSION AGENTS
Citibank, N.A.
Receive and Deliver Department
111 Wall Street, 5th Floor
New York, New York 10043
Citibank, N.A.
Citibank House, 336 Strand
P.O. Box 78
London WC2R 1HB
England
Citibank, N.A.
Grosse Gallusstrasse 16
Postfach 2505
6000 Frankfurt/Main, Germany.
Citibank, N.A.
Avenue de Tervuren 249
P.O. Box 7
1150 Brussels, Belgium
Citibank, N.A.
Herengracht 545-549
Postbus 2055
Amsterdam, Netherlands
Dated: November 8, 1982

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B.P. 738-08
75361 Paris
France
Citibank (Luxembourg) S.A.
16 Avenue Marie Therese
P.O. Box 263
Luxembourg
Banque Internationale a
Luxembourg S.A.
14 Rue Aldringen
Luxembourg
Citibank, N.A.
Foro Buonaparte 16
Milan 20121, Italy
Union Bank of Switzerland
Bahnhofstrasse 45
Zurich, Switzerland

Mr Tony Barrett, who becomes a director of Barclays Bank

local director of the bank's Luton district, and is also a director of Barclays Bank UK.

Elected directors of EMPLOYMENT CONDITIONS ABROAD

ARBUTHNOT FACTORS has appointed Mr K. Dean as managing director, domestic factoring, and deputy chairman.

Mr Martin Smart has been appointed a director of EVERETT'S.

Mr Phillip Parker has been appointed managing director of DELTAK.

Mr M. Rutland has been appointed managing director and Mr D. Barlow purchasing director of BMA SERVICES.

APPOINTMENTS

New print chief at HMSO

Mr George Macaulay, director-general of printing at HMSO, will shortly retire. His successor as the management group member of HMSO responsible for the print procurement, production and technical service divisions will be Mr Ken Allen, director of production in the department.

Mr D. M. Gransby, who joined the ASSOCIATED DAIRIES GROUP in June, 1980 as development director designate, has been appointed a director of the company and becomes development director in management.

Mr David Nicholson has been appointed director, home affairs, of the ASSOCIATION OF BRITISH CHAIRMEN OF COMMERCE, in succession to Mr Joseph Egerton.

J. D. BEARHORE AND CO., a Thomas Tilling Group company, has appointed Mr Paul Quinn as managing director.

Mr Tony Barrett has been appointed a director of BARCLAYS BANK. He is senior



Mr Tony Barrett, who becomes a director of Barclays Bank

local director of the bank's Luton district, and is also a director of Barclays Bank UK.

Elected directors of EMPLOYMENT CONDITIONS ABROAD

ARBUTHNOT FACTORS has appointed Mr K. Dean as managing director, domestic factoring, and deputy chairman.

Mr Martin Smart has been appointed a director of EVERETT'S.

Mr Phillip Parker has been appointed managing director of DELTAK.

Mr M. Rutland has been appointed managing director and Mr D. Barlow purchasing director of BMA SERVICES.

Following the acquisition of Dunbar Group by Hambro Life Assurance, Mr M. Wainwright and Mr Syd Lipworth have been appointed to the boards of DUNBAR GROUP and DUNBAR AND CO.

BELL AND HYMAN has appointed Mr Patric Duffy, company secretary and chief accountant, as a director.

Mr Ian C. Gunn, director of investments, the Canada Life Assurance Company, has been appointed a director of GREENCOAT PROPERTIES.

Mr Rodolph Arneg, group chief executive and chairman of Consolidated Gold Fields, has been appointed chairman of the board of AMCON GROUP INC. New York.

Mr Rodolph Arneg, group chief executive and chairman of Consolidated Gold Fields, has been appointed chairman of the board of AMCON GROUP INC. New York.

LADBROKE INDEX 622-627 (-2)

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interim or final. The sub-divisions shown below are based mainly on last year's timetable.

Table with columns for COMPANY MEETINGS, DIVIDENDS & INTEREST PAYMENTS, and BOARD MEETINGS. Lists various companies and their meeting dates.

Cycle 'death trap' warning

CHRISTMAS could end tragically for some children this year because a number of bicycles given as presents will be potential death traps, a cycle expert warned today. Too many people buy bicycles which have not been properly assembled and checked before being ridden on the road. And most of these bicycles arrive on the buyer's doorstep in a carton, said Mr Peter Lumley, editor of Bicycle Times.

The Council of Europe Resettlement Fund for National Refugees and Over-Population in Europe. Fonds de Rétablissement du Conseil de l'Europe pour les Réfugiés Nationaux et les Excédents de Population en Europe Strasbourg/Paris. DM 125,000,000. 8 1/4% Bearer Bonds of 1982 (88-92). Ber liner Handels- und Frankfurter Bank.

Akzo nv Arnhem, the Netherlands. Hfl 100,000,000. 10% per cent. Bonds 1982 due 1988/1992. Annual coupons November 15. This announcement appears as a matter of record only.

Handelsblatt More than just a newspaper - Germany's business communicator. The recently published "European Businessman Readership Survey 1982" clearly documents this claim. Coverage of key target groups: senior executives in banking/finance/insurance cos.

BUSINESS INFORMATION FOR SALE

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Courts and the question of bias

IT NEVER seemed very sensible that Mr Ronald Smith, having persuaded the Court of Appeal (by a majority) that the coroner for the eastern district of West Yorkshire was bound after all to conduct an inquest on the death in June 1980 at Jeddah, Saudi Arabia, of his daughter Helen Smith, should have gone back to court to ask that the coroner, Mr Philip Gill, be ordered to stand down in favour of a deputy coroner to conduct the inquest due to start next week. For the last three months Mr Gill has assiduously ensured that witnesses from all over the world should come to Leeds to give their evidence in a controversial case of violent death. But Mr Smith unwisely advanced a number of reasons why he thought Mr Gill would be biased in favour of the official view that Helen Smith had been killed accidentally during a party held by a British couple at their home in Jeddah. If Mr Justice Webster was able last Friday to conclude without much doubt that no reasonable man would expect Mr Gill would be biased, it did provide the judge with an opportunity of reviewing the law's attitude to the question of suspected bias. His judgment is a helpful guide to those who seek to challenge the propriety of a court sitting whenever there is a suspicion that justice may not be seen to be done. It is a problem cropping up with increasing frequency, so a clear statement of the law is welcome. On one matter the law is plain. The question is not whether in fact the judge was biased. Courts are not able to inquire into that matter, but they can inquire into whether bias may operate. In the administration of any civilised system of justice, whether it is a recognised court of law or a body of persons acting in a similar capacity, public policy demands that, in order that there should be no whisper of suspicion that justice is not being administered impartially, nobody sitting in the judgment seat should be suspected of bias. But how far do the courts go in upholding that principle? No doubt all judges, like Caesar's wife, should be above suspicion. But it would be absurd if the courts insisted that only people who cannot be suspected of improper motives were qualified to discharge judicial functions. It cannot be that the law would give way to the suspicions of fools or other capricious or unreasonable people. Hence the law pumps for the test of the reasonable man. If the court is satisfied on the evidence before it that there was objectively no reasonable likelihood of bias, but is nevertheless of the opinion that a reasonable man could well have suspected that the tribunal was biased, what then? Should public interest demand that the court ought not to sit in judgment, but that a palpably unbiased one should be substituted? The judges over the years have not been of one voice on this subtle, but important distinction. During the 1950s the test generally was a real likelihood of bias. The complainant had to show that there was a probability of bias to be inferred from the circumstances, but not upon the basis of the impressions that might reasonably be left on the minds of the party aggrieved or the public at large. More recently, however, the pendulum has swung towards a test of reasonable suspicion, which people are loyal to the foundations on the apprehensions of a reasonable man who had taken reasonable steps to inform himself of the material facts. The reasonable suspicion test looks mainly to outward appearances, while the real likelihood test focuses on the court's own evaluation of the probabilities. In practice, either test will usually give the same answer. But occasionally the nuance of the broader test of the reasonable man's view might tip the scales in favour of the judge declining to sit. Those who are not legally qualified may be less capable of putting aside their prejudices. Hence one who hears more frequently of complaints that lay magistrates are biased in favour of the police than in the case with the professional judge. For the latter, the judicial process imposes a framework of relevant legal rules and the modes of thought for ascertaining them. A judge is trained to think dispassionately and to put aside any private feelings that might be engaged in the particular case. Yet some people do not accept that judges are unlike other mortals and think that they too have prejudices which come into play. The fact is that the judicial wig and gown does change the men and women within them. On the whole judges are capable of laying aside their private and political views when discharging their judicial functions. The fact that they perhaps uniformly are able to achieve this desirable state of affairs is due to a combination of factors. Legal training, professional standards and habits acquired over a lifetime in the practice of the law, self-discipline and that fortunate alchemy which people are loyal to the obligations which society entrusts to them when appoint-

International Capital Markets

Every Monday the Financial Times publishes a review of the previous week's activity in the international bond markets. Together with a comprehensive tabular list of current international bond issues, it offers the reader a thorough weekly study of one of the most important financial mechanisms in the world today.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED TRUSTS

Table listing various unit trusts and their performance metrics. Columns include Trust Name, Manager, and various performance indicators like Net Asset Value, Income, and Growth. The table is organized into sections for different trust categories.

NOTES: Prices are in pence unless otherwise indicated and these figures are in last column allow for all... Today's price is a bid based on offer price... A bid based on offer price...

Handwritten Arabic text at the top center of the page.

INSURANCES

Table of insurance companies and their financial data, including names like Abbey Life Assurance Co. Ltd., Amey Life Assurance Ltd., and various fund names.

INSURANCE & OVERSEAS MANAGED FUNDS

Main table of insurance and overseas managed funds, listing various fund names, managers, and financial metrics.

Caribbean Fund Managers Ltd. Agents

Table of Caribbean Fund Managers Ltd. agents and their associated funds, including names like Caribbean Fund Managers (C.I.) Ltd. and various regional funds.

OFFSHORE AND OVERSEAS

Table of offshore and overseas funds, listing fund names and their respective managers.

FT SHARE INFORMATION SERVICE

FLEXIBILITY That's BTR

LOANS—Continued

Table with columns: Stock, Price, Div, Yld, etc. Includes entries for Financial and Building Societies.

BANKS & H.P.—Cont.

Table with columns: Stock, Price, Div, Yld, etc. Includes entries for various banks and hire purchase companies.

CHEMICALS, PLASTICS—Cont.

Table with columns: Stock, Price, Div, Yld, etc. Includes entries for chemical and plastic companies.

ELECTRICALS—Continued.

Table with columns: Stock, Price, Div, Yld, etc. Includes entries for electrical companies.

FOOD, GROCERIES—Cont.

Table with columns: Stock, Price, Div, Yld, etc. Includes entries for food and grocery companies.

BRITISH FUNDS

Table with columns: Stock, Price, Div, Yld, etc. Lists various British funds.

Foreign Bonds & Rails

Table with columns: Stock, Price, Div, Yld, etc. Lists foreign bonds and rail stocks.

AMERICANS

Table with columns: Stock, Price, Div, Yld, etc. Lists American stocks.

BEERS, WINES AND SPIRITS

Table with columns: Stock, Price, Div, Yld, etc. Lists beer, wine, and spirit companies.

DRAPERY AND STORES

Table with columns: Stock, Price, Div, Yld, etc. Lists drapery and store companies.

ENGINEERING MACHINE TOOLS

Table with columns: Stock, Price, Div, Yld, etc. Lists engineering and machine tool companies.

HOTELS AND CATERERS

Table with columns: Stock, Price, Div, Yld, etc. Lists hotel and catering companies.

INDUSTRIALS (Miscel.)

Table with columns: Stock, Price, Div, Yld, etc. Lists various industrial companies.

Over Fifteen Years

Table with columns: Stock, Price, Div, Yld, etc. Lists companies with over 15 years of history.

Undated

Table with columns: Stock, Price, Div, Yld, etc. Lists undated companies.

Index-Linked & Variable Rate

Table with columns: Stock, Price, Div, Yld, etc. Lists index-linked and variable rate securities.

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

Table with columns: Stock, Price, Div, Yld, etc. Lists international bank and overseas government sterling issues.

CORPORATION LOANS

Table with columns: Stock, Price, Div, Yld, etc. Lists corporation loans.

COMMONWEALTH AND AFRICAN LOANS

Table with columns: Stock, Price, Div, Yld, etc. Lists commonwealth and African loans.

BANKS AND HIRE PURCHASE

Table with columns: Stock, Price, Div, Yld, etc. Lists banks and hire purchase companies.

CANADIANS

Table with columns: Stock, Price, Div, Yld, etc. Lists Canadian stocks.

ELECTRICALS

Table with columns: Stock, Price, Div, Yld, etc. Lists electrical companies.

FOOD, GROCERIES, ETC.

Table with columns: Stock, Price, Div, Yld, etc. Lists food, grocery, and other companies.

CHEMICALS, PLASTICS

Table with columns: Stock, Price, Div, Yld, etc. Lists chemical and plastic companies.

A GUIDE TO FINANCIAL TIMES STATISTICS. Includes a list of statistics available and an order form.

CHEMICALS, PLASTICS

Table with columns: Stock, Price, Div, Yld, etc. Lists chemical and plastic companies.

FOOD, GROCERIES, ETC.

Table with columns: Stock, Price, Div, Yld, etc. Lists food, grocery, and other companies.

CHEMICALS, PLASTICS

Table with columns: Stock, Price, Div, Yld, etc. Lists chemical and plastic companies.

FOOD, GROCERIES, ETC.

Table with columns: Stock, Price, Div, Yld, etc. Lists food, grocery, and other companies.

J. H. HOLLIS

INDUSTRIALS—Continued

Table of industrial stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price, dividends, and other financial metrics.

LEISURE—Continued

Table of leisure stocks including companies like Leisure, Leisure, Leisure, etc. with columns for stock price, dividends, and other financial metrics.

PROPERTY—Continued

Table of property stocks including companies like Property, Property, Property, etc. with columns for stock price, dividends, and other financial metrics.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including companies like Investment Trusts, Investment Trusts, Investment Trusts, etc. with columns for stock price, dividends, and other financial metrics.

OIL AND GAS—Continued

Table of oil and gas stocks including companies like Oil and Gas, Oil and Gas, Oil and Gas, etc. with columns for stock price, dividends, and other financial metrics.

MINES—Continued

Table of mines stocks including companies like Mines, Mines, Mines, etc. with columns for stock price, dividends, and other financial metrics.



MOTORS, AIRCRAFT TRADES

Table of motors and aircraft trades including sub-sections for Motors and Cycles, Commercial Vehicles, and Components.

SHIPPING

Table of shipping companies and their services, including ship names and routes.

SHOES AND LEATHER

Table of shoes and leather stocks including companies like Shoes and Leather, Shoes and Leather, etc.

OVERSEAS TRADERS

Table of overseas traders including companies like Overseas Traders, Overseas Traders, etc.

MISCELLANEOUS

Table of miscellaneous stocks including companies like Miscellaneous, Miscellaneous, etc.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stocks including companies like Newspapers, Publishers, etc.

SOUTH AFRICANS

Table of South African stocks including companies like South Africans, South Africans, etc.

TEXTILES

Table of textile stocks including companies like Textiles, Textiles, etc.

PLANTATIONS

Table of plantation stocks including companies like Plantations, Plantations, etc.

NOTES

Notes section containing various financial notices and announcements.

PAPER, PRINTING ADVERTISING

Table of paper, printing, and advertising stocks including companies like Paper, Printing, Advertising, etc.

TOBACCO

Table of tobacco stocks including companies like Tobacco, Tobacco, etc.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including companies like Trusts, Finance, Land, etc.

MINES

Table of mines stocks including companies like Mines, Mines, etc.

REGIONAL AND IRISH STOCKS

Table of regional and Irish stocks including companies like Regional and Irish Stocks, etc.

INSURANCES

Table of insurance stocks including companies like Insurances, Insurances, etc.

PROPERTY

Table of property stocks including companies like Property, Property, etc.

OIL AND GAS

Table of oil and gas stocks including companies like Oil and Gas, Oil and Gas, etc.

FINANCE

Table of finance stocks including companies like Finance, Finance, etc.

OPTIONS

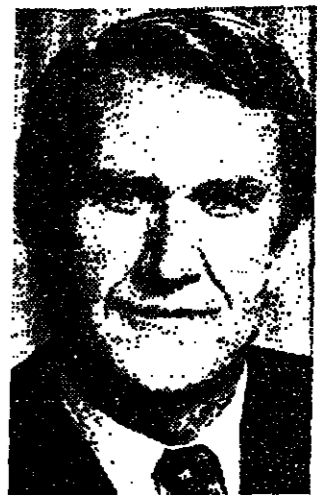
Table of options and 3-month call rates including companies like Options, 3-month Call Rates, etc.

Regional and Irish Stocks section containing detailed information about various regional and Irish companies and their stock prices.

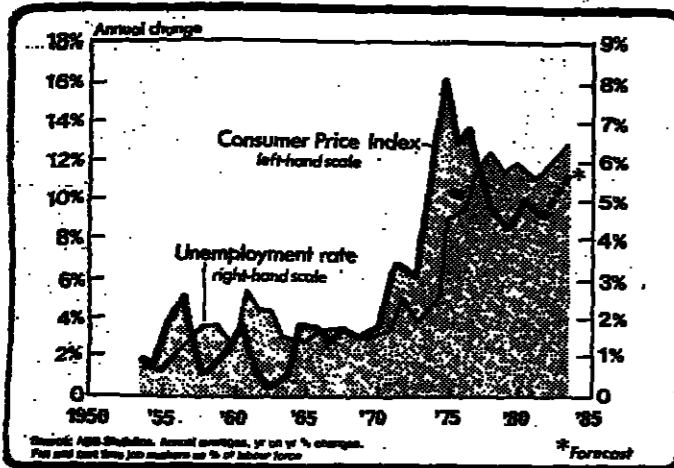
FINANCIAL TIMES SURVEY

Australia's reputation as a major world mineral supplier is already secure, but the country faces pressures to restructure its economy. Above all, the main challenge confronting the country is one of vision and leadership

Australia



Prime Minister Malcolm Fraser—will he take a gamble soon and go to the polls?



Mounting concern over the economy

BY MICHAEL THOMPSON-NOEL

THE DIE is now cast for the Australian coalition Liberal-National Party Government, which in the past 24 hours will have placed under a microscope the results of Saturday's crucial state election in South Australia.

Until Saturday, the South Australian State Liberal Government of Dr David Tonkin held an overall two-seat majority, and was vulnerable to a modest swing to Mr John Bannon's Labor Party opposition.

With unemployment at 8.5 per cent—the highest among mainland Australian states—and a fragile manufacturing base, the key issue in the South Australian poll was economic management.

Thus Saturday's election was seen as a litmus test for a possible snap federal poll, given that the deadline for calling a December federal election is tomorrow.

For all his talents as a strategist, Mr Fraser would be taking a very real gamble in going to the polls. For the past nine weeks, the Government has been buffeted by damaging disclosures on the growth of tax avoidance in Australia, which have unleashed corruption in high places and left the government disoriented and dismayed.

Yet as a political issue, the tax avoidance scandal has in turn been overshadowed by the performance of the economy, which has given the Labour Party Opposition carte blanche to attack the Government's record on economic management, employment and industrial restructuring—let alone the overhaul of industrial relations.

The certainty that the economy would get worse before it got better was at the root of the Government's electioneering budget of August 17—a

budget that strove to be all things to all men, but whose vote-getting potential has since been swamped by opposition claims that its figures were "rigged" to court electoral appeal, and whose basic assumptions are in any case in doubt.

The certainty of hard times to come was also the staple ingredient feeding speculation of an early election, though such an option was opposed by rank-and-file Liberals, the likelihood now being that the government will soldier on, in the hope that the current parliament runs its course, until next October.

Of 15m, Australia has almost unlimited potential—its vast mineral and energy wealth being complemented by relative political stability and fiercely-defended democratic values.

Until recently, it was thought likely that Australia was on the brink of a resources investment boom that would dwarf the one experienced in the early 1970s, and confirm Australia—already the world's premier mineral-producing country—as the engine of its region: the lucky country, indeed.

More recently, enthusiasm has been tempered, partly by the depth of the world recession and the downward pressure on crude oil prices, which has

lessened the urgency for developing alternative energy resources, and partly by problems that have resurfaced in the domestic economy in the past 24 months, notably rising wage and price inflation, and a deteriorating external balance.

These have raised nagging doubts about Australia's ability to handle a major resources boom without prompting international dislocation and social strife. The potential is still there. The coal and the iron ore, the copper and gold and bauxite and other mineral wealth, is still in the ground. And Australia has every opportunity of enhancing its status as an important food producer, and of strengthening and revitalising its industrial base.

Australia was late entering the recession and will be late leaving it, with the result that significant improvement in the Australian economy is unlikely before 1983-84.

Production is at a four-year low, while the continuing slump in world commodity prices has seen major mining companies abandon or defer more than A\$2bn (£1.1bn) worth of new project spending. (On the other hand, recent estimates put the level of likely resource development spending in Australia over the next eight years at more than A\$32bn).

Inflation is at 12.3 per cent—and rising; unemployment is 7.4 per cent—and rising, as dramatised by the recent invasion of Parliament House, Canberra, by a group of recently-sacked steel and coal workers from New South Wales. The Australian dollar is at around 93.65 U.S. cents—and wavering, which is aggravating cost pressures on a broad front.

Retail sales and construction starts are static, and because of drought and the nature of mineral contracts, the country's export growth in 1982-83 may not exceed 1 per cent—a large fall in real terms and a third successive annual decline.

Import growth will be contained, but a further substantial

balance of trade deficit is nevertheless expected, while on the available evidence, scope for expansionary fiscal measures remains severely constrained.

The drought at present affecting the eastern Australian states will have both a short- and a long-term impact on the economy. In the short-term, the gross value of farm production in 1982-83 is expected to fall by about 12 per cent, to A\$10.9bn, while total net farm income could fall from A\$4.1bn in 1981-82 to as little as A\$1.6bn, a decline of 60 per cent.

The drought has depressed sales of farm machinery, and hit rural businesses and communities. In the longer term, it is reckoned that if breeding

stocks are reduced by 25 to 30 per cent, herd recovery could take five to six years for beef cattle, and three to four for sheep.

Concern over the economy has not been assuaged by the damaging controversy over the federal budget of August 17, which the Labour party claims was "rigged" to smooth the way for a possible snap election.

Over and above such immediate concerns is the vivid realisation that the most damaging element of the cost problem confronting Australian industry and exporters is wage inflation, and union bloodmindedness.

Recently, announcing that salaries of senior management and staff would be frozen until next June, and that working hours would be increased by half-an-hour a day, to 40 hours a week, Sir Arvi Parbo, chairman of Western Mining, said that, incredibly, on top of

serious wage inflation, there was a drive in Australia for shorter working hours.

"This is a recipe for economic self-destruction," he said. "It is critical to the future of us all that economic sanity be restored."

The latest signs are that wage inflation is abating as unemployment rises, but there is—or at any rate there should be—an important subsidiary debate on how best to use the country's reservoir of talented labour.

Sir Mark Oliphant, the Australian physicist, said recently that a large and growing part of Australia's GNP was spent on unemployment benefits and pensions for people still able and willing to work—"this at a time when so much remains to be done in the underdeveloped country."

Projects he had in mind included roads, railways, airfields, pipelines, power grids and still-greater exploration for minerals.

Yet, for Australia and her economy, the fundamental outlook still looks good. In London, in June, Mr Doug Anthony, the Deputy Prime Minister and Leader of the Australian National Party, admitted that there was a re-assessment and rescheduling of resource projects underway, leading some commentators in Australia to herald the end of the so-called resource boom.

"I say 'so-called' because the term was built on a catalogue of new investment projects which was published to provide an indicative list of proposals. These were at various stages of commitment. Some were under way or likely to proceed in the future. Some were mutually exclusive. I suppose it was inevitable that people could not resist the temptation to add up the figures and call the result a boom."

However, he added: "Whatever it should or shouldn't be called, the fact remains that very substantial resource development is under way in Australia. Major projects cur-

rently include three new aluminium smelters, 14 coal mines, a major offshore natural gas project and a major on-shore liquid fuels project, while oil exploration is at a record level.

In many ways, Australia is at a crossroads. It has the potential to become a major middle-power, and to transform its economy in to the most dynamic in its region. The alternative is for Australia to view itself, and be viewed by others, as a continent-wide quarry.

"The boundaries between the states were not drawn by nature but by people," says Sir Mark Oliphant. "We have managed to agree that the ultimate decisions in matters of law rests with the High Court. But we are unable to agree on a national anthem, or what is football."

Donald Horne, the Australian writer, observed almost 20 years ago that "Australia merits sympathy for providing an encyclopaedic study of the main dilemmas of the mid-century," and regretted that there were "few 'new men' gathered together in the precincts of power to visualise the images of the nation so that change may become possible."

It is a verdict that needs little updating. The main challenge confronting Australia is not the current ills in the economy, or the latest episode of political scandal, but one of vision and leadership.

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Immigration: numbers are well up this year
Editorial production of this survey was by Mike Wiltshire; design by Philip Hunt.



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AUSTRALIA III

Debate now rages as to whether a rush of Japanese funds was hot money attracted by high interest rates or longer-term investment

Unexpected inflow of Japanese capital

Foreign investment

THREE MONTHS AGO the accepted wisdom in Australia's two main financial centres, Melbourne and Sydney, was that despite falling interest rates on both sides of the Atlantic there would be no relief from the record level of 17.5 per cent reached three months ago.

chief executive of Westpac Banking Corporation, Australia's largest banking group, "If you were a Japanese investor in Australian dollars you would not be taking a three-to-four-month view. You would be taking a three-to-four-year view."

Side-effects

Falling interest rates have had two immediate side-effects: they have reduced the allure of the cash management trusts, which since their founding only two years ago have sucked in more than A\$2bn of investors' money, and they have raised the probability that at least some of the recommendations of the Campbell Committee inquiry into the Australian financial system will be implemented.

Just over a year ago the Campbell Committee urged sweeping changes in the Australian financial system — deregulation of the banks, the abolition of interest and exchange rate controls, and the admission of a limited number of new foreign banks.

In some cases, the Treasurer, Mr John Howard, a self-proclaimed supporter of the report, has acted directly against its philosophy — for instance, in asking the reserve bank to release 1 per cent of the banks' statutory reserve deposits for housing.

The Treasurer also decided to ease the so-called 30:30 rule, which provided that life office and pension funds could earn tax concessions if they invested 30 per cent of their funds in Government securities, of which the remainder had to be Federal securities.

Regulations limiting the direct access of semi-government authorities to overseas capital markets were relaxed, and the question of the admission of foreign banks has been studied by an interdepartmental task force examining the report, which recommended a go-ahead subject to a substantial Australian equity requirement.

This has been fiercely opposed by one of the principal contenders for an Australian banking licence, Citicorp, which already has a nationwide chain of finance companies and could adapt quickly to full banking. A top U.S. executive of Citicorp, on a recent visit to Australia, said the group would probably reject an Australian banking licence if it was stipulated that the operation had to have 50 per cent equity.

Japanese contenders are less bothered about the rules. For example, the president of Sumitomo Bank, Japan's third largest, said he would be prepared to consider and fully meet whatever rules the Federal Government made.

The chairman of Mitsubishi Bank said the Japanese were prepared to make concessions to gain entry to the Australian market. UK banks also seem prepared to enter on a sharing basis.

Despite recent optimism that a decision is in the wind, it seems unlikely there will be an announcement before a

general election. If Labour wins the foreign banks will be asked to stay away.

The fall in interest rates has made surprisingly little impact on equity markets. They are still depressed and failed to react to any significant degree to the large rises in the Financial Times Index and the Dow Jones Index.

A major factor here is the depressed state of corporate profits. An Australian Financial Review survey of 153 major listed companies' profits in the financial year to June 30 showed an overall 3.85 per cent fall for the year.

The survey, covering both industrial and mining companies, showed that the real trouble came in the second half of the year, when profits fell 11.5 per cent compared with the same six months of 1981.

A more comprehensive study, in that it covered 325 listed companies, in The Age newspaper, showed that although aggregate sales were up by 15.8 per cent, compared with inflation at 10.5 per cent for the financial year, profits fell 4.5 per cent. One in 10 companies re-



Mr John Howard, the Treasurer — he supports sweeping changes urged by the Campbell Committee's inquiry into the Australian financial system.

ported losses, but, surprisingly, one-third managed to show healthy profit rises of 25 per cent or more.

Bad year though it may be, the equity market seems unusually gloomy. Most companies have taken a knife to their costs and there have been large-scale lay-offs.

Concessions in the budget in the shape of much-improved investment allowances should speed progress towards industrial automation. The labour relations climate is much improved, with the number of disputes falling sharply.

Colin Chapman

PROFILE: THE NEWLY-EMERGED WESTPAC BANKING CORPORATION

Hopes rise for nation's biggest bank

WESTPAC BANKING Corporation may not have caught everyone's imagination as a name, but the management of the newly emerged group see it as an honest description of its regional ambitions for the Western Pacific.

With assets of about A\$30bn it ranks as Australia's largest bank and 69th on world lists, and now has the confidence of a solid base from which to reach for a greater role in the international sphere.

Domestically, the addition of the Commercial Bank of Australia's branches to the 1,200 of the Bank of New South Wales has given it a total of 1,700. It has also brought the scope for medium-term benefits from rationalisation and an improved geographic spread.

For the moment it is incurring the costs of the merger, and these were a factor in the 8 per cent downturn in banking arm profits included in the 7 per cent growth in net earnings of A\$15.7m for the half year to March 31.

These costs, including stamp duties and changing the signs on all those branches are sure to impinge on second half earnings at a time of general pressure on banking margins. Moreover, its all important finance subsidiaries have witnessed great pressure on profits.

The group is actively looking into areas of duplication and undertaking a reorganisation of the branch banking structure to the regional approach successfully pioneered by the ANZ Banking Group.

This will see the creation of regional sub branches offering most full banking services, with the branches

London, New York, Chicago, San Francisco and Singapore — as well as representation in Hong Kong, Tokyo and Houston — to allow it to tap into U.S. dollar markets.

Until now much of its financing from these sources have been directed back to Australian resources projects and to trade finance although lately it has been taking an

They see this as an advantage as they embark on their selective expansion. An equal advantage will be its conservatism, which gets the total assets of \$30bn supported by shareholders' funds approaching A\$1.5bn, representing just on 5 per cent of the balance sheet total.

Meanwhile, the international debt problems have created a better environment for margins. Westpac hopes to combine this with a selective approach emphasising Australia's Asian trading partners where it sees great potential for economic growth.

It also has a China card, where it has had trade finance links since 1949 with the Bank of China. It recently opened a representative office in Peking, at the behest of the Chinese.

At home, however, it still awaits its first lead role for an Australian Government foreign debt issue. Canberra deals with Morgan Stanley on dollar debt, although the first chunk of light for local groups came with the latest raising, when both Westpac and the ANZ made minor contributions.

Westpac is encouraged and such a coup would surely mark the coming of age for a bank which officially is little more than one month old.

Lachlan Drummond

The reason was a new and totally unexpected phenomenon in Australia — a substantial flow of capital investment from Japan. This was the major factor behind the large capital inflow of A\$2,740m in the third quarter, of which more than two-thirds came in September alone.

In consequence, Australia's balance of payments was in surplus at A\$ 379m, compared with last year's deficit of A\$1,140m.

Of the capital flow at least A\$1.5bn appears to be accounted for by Japanese investment in Australian Government-guaranteed securities. When most of it flooded into Australia, the Japanese were able to secure not far short of twice what they could obtain on blue chip investments in Japan, not allowing for the exchange rate risk.

A debate now rages as to whether these funds were hot money attracted by erstwhile high interest rates, or longer-term investment.

Viewpoint

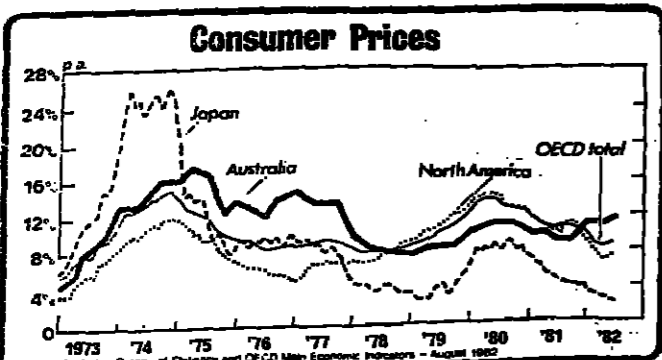
Advocates of the former believe that when the Japanese understand the economic realities of Australia — not least the industrial bloodshed, the political uncertainties, and the blight to exports caused by drought and the slump in minerals output — they will find another harbour.

This debate probably ignores the facts of life in Japan, which also has its political and economic uncertainties following the sudden exit of Mr Suzuki as Prime Minister. Under threat of trade wars with Europe and the U.S., the Japanese are also anxious to restrain a balance of payments surplus by exporting capital.

It is unlikely to be hot money. Most of the A\$1.5bn was for two to four years. This is perhaps short-term by Japanese standards but certainly not by those of the Australian capital markets, where it would be regarded as medium term.

It has also been attracted by a recent relaxation by the Federal Treasury of the rules on foreign borrowings by semi-government authorities such as power utilities. Some of the electricity commissions put on special "short-term" two to three year issues for Japanese investors, with rates of 16.5 to 17 per cent.

According to Mr Bob White,



Living standards

CONTINUED FROM PREVIOUS PAGE

current trends, GNP per capita in both Hong Kong and Singapore will exceed that of New Zealand in less than 10 years.

Using a different set of measurements, the study found that Australia had the third lowest growth rate in real GNP per capita, and the fifth lowest rate in real gross fixed capital formation, among the 23 OECD countries over the decade 1969-79.

Trade performance was also poor, said AIDA, the growth in Australian export volume (3.55 per cent per annum) over the 1970s being the lowest recorded among the major Western nations. Australia's record in terms of export values had also been well below the world average, with the result that its share of the value of world exports had fallen from 1.68 per cent to 1.19 per cent in the 10 years to 1980.

Michael Thompson-Noel



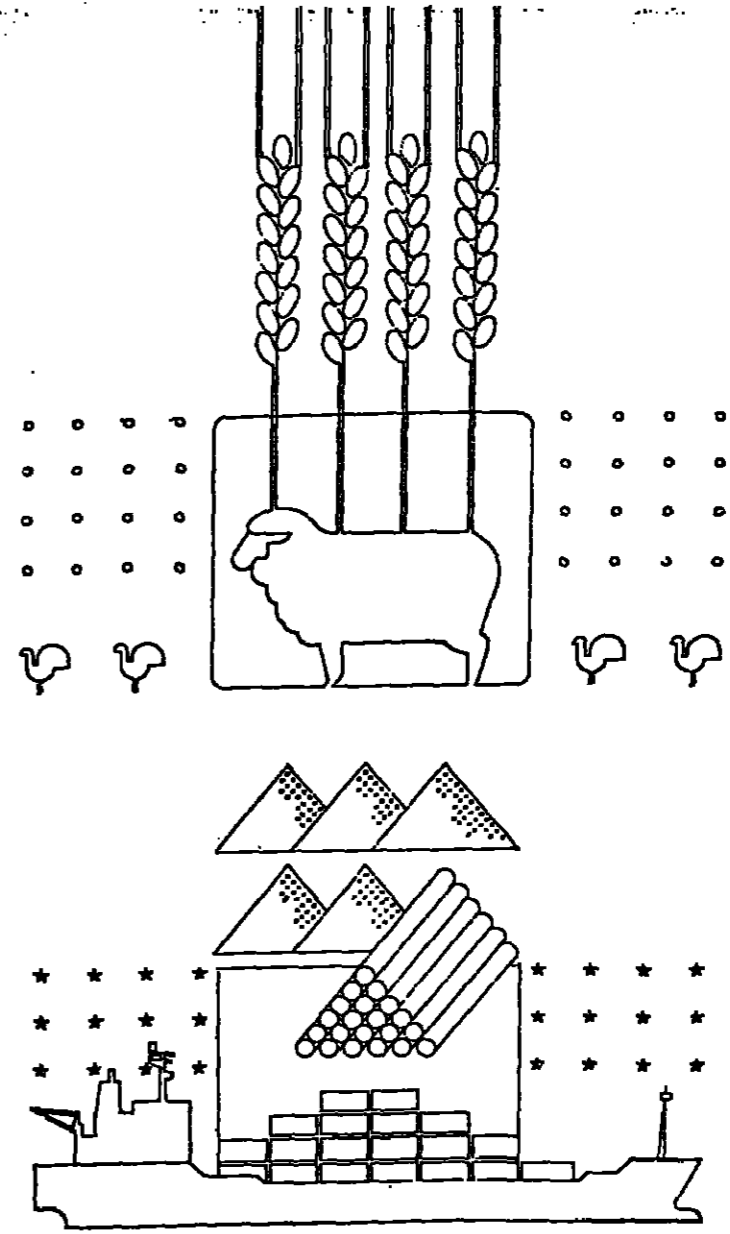
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AUSTRALIA IV

Strenuous efforts needed to improve export performance
Serious problems to be faced

AS A trading nation, Australia must live on its wits. Yet it is to justify its advanced billing as the "engine economy of the Pacific region," it knows that it must make strenuous efforts to improve its export performance and restore its price competitiveness.

Exports of agricultural products and raw materials (\$m)
Table with columns: Period, Meats, Dairy produce, Wheat and flour, Dried fruit and nuts, Wool, Sugar, Coal, Iron, Non-ferrous metals.

PROFILE: ELDERS IXI

A decade of rapid growth

TEN years ago a small group of young and confident men took on the management of a old line jam maker. Today they coolly sit at the controls of Australia's 15th largest company, Elders IXL.



Our home is Australia, our interests span the World

In 1923, the MIM Group of companies had its beginnings with the discovery of minerals at Mount Isa, 780km inland from the Queensland coast.

exploration for oil and gas in Australia and for base metals, coal, iron ore, gold and uranium in Australia, New Zealand and Papua New Guinea.



160 Ann Street, Brisbane, Queensland, 4000 Australia

Export trade

grated aluminium producer, maintained that the Australian economy was at a critical point. "It is difficult," said Mr Roper, "to see how Australian economic performance in the 1980s will not be as lack-lustre and socially frustrating as it was in the 1970s."

bankite, coal and iron ore. However, whereas in 1949, Australia ranked as the seventh largest international trader, by 1981, it had slipped to 16th. Australia's share of world exports fell from 1.7 per cent in 1970 to 1.2 per cent in 1980.

tion for featherbedding inefficient industries is such that Mr John Roper, the leader of the "dries" in the Federal Liberal Party, felt moved, in August, to proclaim that the Australian economy was so littered with the greases and favours of past governments that it could not function efficiently.



Explorer

Wally Herbert, explorer extraordinary, in leading his team over the North Pole to complete the first transarctic crossing, showed what's needed for successful exploration. Planning. Innovation. Resourcefulness.

'national team, has more than a century's experience of opening up new territories, and exploring opportunities to expand international trade and investment on behalf of its customers.

Hongkong Bank

The Hongkong and Shanghai Banking Corporation
Marine Midland Bank - Hongkong Bank of Canada - The British Bank of the Middle East

Profit margins tightening

INTENSE competition for a slower growing consumer dollar and a push for expansion through acquisition have marked the Australian retail scene for the past year.

lift the overlying gloom for most contestants. Among these players Grace Bros' net earnings slumped by 77 per cent in the half year to June 30 to leave earnings down by 23 per cent at A\$13.7m.

Retail sector

which this year left its own casualties. The initial focus for these efforts was Norman Ross, an innovative newcomer with discount electronics, electrical goods and furniture.

For Woolworths, profits were down by 10 per cent for its July half year to A\$14.45m on sales up by 14.2 per cent to A\$1.6bn. The Myer Emporium, meanwhile, was lining itself up as a take-over candidate, were it not that it cannot sell its properties at a reasonable price and its assets are not returning profits.

Both already enjoy close relations with the farmers, no less so than through their financing role as they cash-up graziers and farmers in light of seasonal demands.

DO YOU NEED TO KNOW
Comprehensive details of Australian mineral production and exports?
The cost and access of exploration for petroleum in Australia, year by year?
The Australian coal industry's expansion plans?
The flow pattern of Australian nickel production?

AUSTRALIAN MINERAL INDUSTRY ANNUAL REVIEW
A storehouse of facts, the Australian Mineral Industry Annual Review is an authoritative record of the development and performance of the Australian mineral industry.

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AUSTRALIA V

The Australian motor industry is likely to see its 1982 sales total beat even last year's peak figure.

Surprisingly sturdy sector

WHILE THE receivers have donned overalls in a bid to restart International Harvester Australia, the Australian motor industry is preparing to roll into the pits at the end of a record run. Although the last lap to the end of the year will be far from easy, with demand rapidly softening, sales gains already made should ensure that the 1981 peak level of 606,000 units is surpassed even if by less than a percentage point.

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Comparisons

However, the shine has come off the market recently with September sales down by 13.6 per cent on August on straight comparisons, and 5 per cent after seasonal adjustment. Some of this fall was attributable to the rush of discounting offers in August when General Motors Holden (GM-H) introduced a new medium car and other groups moved to maintain market share, part of it at least at the expense of sales for September.

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Natural resources

FOR MANY, the glamour and riches of Australia's vast natural resources can be summed up in two words: Roxby Downs. It is at Roxby Downs, 460 kilometres north-north-west of Adelaide, in South Australia, that Western Mining Corporation and BP Australia are gearing up for construction of mining and processing facilities with which to tap the huge wealth of the Olympic Dam copper-gold-uranium-silver find, which ranks alongside the very largest mineral deposits in the world.

Values

Production is unlikely to start before 1989-90 at the earliest, but that hardly worries the partners, who give the mine a minimum life of 50 years, and say that: "Olympic Dam will be there for our grandchildren". Yet Olympic Dam is only one among scores of mineral and energy projects whose combined benefit to the Australian balance of payments, between now and the end of the century has been estimated as likely to amount to more than A\$100bn (£55.6bn), in 1980 prices.

Moves to tap huge wealth of copper-gold-uranium-silver deposits.

Roxby Downs: two words that sum it all up

ing for about 37 per cent of total merchandise exports, with the certain promise of much more to come.

In Australia, there is bitterness and concern over the extent to which the country has to date taken its vast minerals heritage for granted, and allowed euphoria and greed - to jeopardise its position in world markets.

Other concerns involve Australia's hitherto poor record of public sector infrastructural investment, and doubts over mineral taxation, together with problems that started to surface in the Australian economy last year—not only wage and price inflation but a deterioration in the external balance. Between them these have prompted serious questioning of Australia's ability to handle a major resources boom without inflicting upon itself serious internal dislocations.

Given the magnitude of its own resource investments, which started on a big scale in the 1970s, the AMP is under considerable market pressure to get its sums right.

The value of the AMP's listed ordinary shareholdings held in Australia at December 31, 1981, was A\$1.84bn, including A\$303m worth of shares in 29 major mining and oil companies — among them Comalco, CRA, Ez Industries, MIM Holdings, Peko-Wallsend, Renison Goldfields, Rio Tinto Zinc, Wes-

AMP suggests that a total of 149 projects, worth A\$32.3bn, are either definite or have a greater-than-75 per cent chance of starting before 1990, while 46, worth A\$10.8bn, have a better than even money chance of getting started.

While Australian share markets have reflected the gloom in the international economy since early 1981, it is only in the past eight months that pessimism, in Australian boardrooms, has been replaced by what the AMP calls "un-

peaks in the 1980s—projects associated with coal mining (especially steam coal), alumina, aluminium, and oil and gas proving the hungriest consumers of capital.

Of the definite resource projects, in hand, plus those with a better-than-75 per cent chance of starting before 1990, which the AMP calls "probable," the North West Shelf oil and gas project, off Western Australia, accounts for an estimated A\$3.25bn, or 15.4 per cent of the total (A\$21.09bn).

a previous peak of 2.2 per cent of GDP reached by mining investment in 1969-70.

Australian coal producers are likely to find that by the time the current investment wave recedes, they are well-placed to meet demand into the 1990s, similarly with the huge North West Shelf project scheduled for completion by 1987, further major capital expenditure in oil and gas in the late 1980s will depend largely on new discoveries.

EXPECTED TOTAL INVESTMENT IN RESOURCE & RESOURCE-RELATED PROJECTS, AUSTRALIA, TO 1990 (A\$bn, 1981)

Table with columns: Resources, Definite projects (No. of projects, Capital cost), Probable projects (No. of projects, Capital cost), Possible projects (No. of projects, Capital cost). Rows include Benxite/Alumina, Aluminium, Iron ore, Coal, Oil, North-west shelf, Other oil and gas, Other metals/minerals, Coal liquefaction, Infrastructure: Oil and gas pipelines, Electricity generation, Coal handling.

Investment

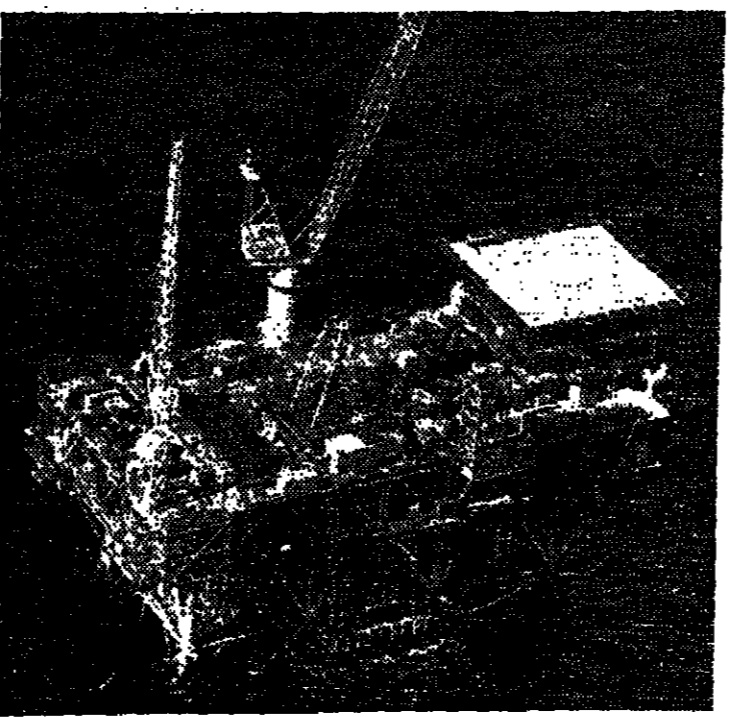
"Two areas which might have given rise to substantial new capital investment in the latter part of this decade," says the AMP, "were uranium and shale oil. However, with some stability restored to world oil prices, new oil discoveries moderating demand for oil, and environmental concerns with uranium continuing, there is little likelihood of any major commitments being made in these areas until well into the 1990s."

Expenditure in the construction and heavy engineering sectors is seen as representing about 25 per cent of total new project costs, and will be heavily weighted in the early years.

The AMP says Australia also has an opportunity to develop upstream processing facilities, provided production and transportation costs are not excessive. "Unfortunately," it says, "the demands of labour and governments, and our growing reputation as an unreliable supplier of goods, are likely to prevent us from realising our full potential."

Michael Thompson-Noel

A commitment to the future.



The Broken Hill Proprietary Company Limited, Australia's largest public company, has a commitment to Australia which cannot be ignored. That commitment calls for careful management in difficult times and critical evaluation of our investments. We have a debt equity ratio as low as 17%. Interest repayments are covered seven times over by profit earned. Annual sales exceeded A\$4.8 billion. We are in good shape to weather the hard times and continue as miners, oil and gas developers and steel makers and manufacturers; associated with projects like the \$11,000 million North West Shelf gas development and the \$1022 million OK Tedi copper and gold mine.

Here today, gone tomorrow? Not likely.



AUSTRALIA VI

Japan's long-term resources strategy has always been to avoid an over-reliance on any single supplier.

Huge drop in purchases for Japanese industry

THE TRADITIONALLY close relationship between Australian iron ore miners and their major customer, the Japanese steel industry, is currently undergoing the most fundamental change in 20 years.

Having spent most of the 1960s and 1970s building up their ore imports from Australia, the Japanese are now setting about a drastic reduction in ore purchases from this country.

Ravaged by the international recession, the Japanese plan to reduce tonnages taken from all suppliers, but are clearly asking Australia to bear the brunt of the cutbacks.

This situation has deepened an already growing bitterness between the two countries on trade in resources and not surprisingly it is increasingly getting through to government level.

Yet in retrospect, it is not surprising that Australia should now find itself under pressure to reduce its share of the Japanese iron ore market to about 40 per cent.

Japan's long-term resources strategy has always been to avoid over-reliance on any single supplier. Australia's peak position of supplying nearly 50 per cent of the Japanese ore market in the mid- and late-1970s only came about through a confluence of extraordinary circumstances.

The imperatives were Japan's determination to become the world's biggest steel producer and Australia's ability to supply the required tonnages reliably and at the lowest possible price.

It should not be forgotten that when the Australian iron ore export industry got its start in 1964, the Japanese gave the Goldsworthy partners their first contract mainly because their prices were low.

But the steel industry's rapid expansion increased the Japanese demand for iron ore and a few years later they awarded their second major export contract, this time to Hamersley.

Four consortiums have plans for new mines, two of them being existing producers. The competing new developers are CSR, with its Yandicoogina deposit; BHP with Deepdale, Goldsworthy, and Robe River with West Angelas.

The latter two projects could be viewed as replacements for Goldsworthy and Robe's existing operations—although this is something of a red herring—but BHP and CSR are digging totally new deposits.

Even the developments being pushed by CSR and BHP would affect the viability of the Newman operation, in which they both have a share.

A fifth possible venture, CRA-Hanwright's Marandoo deposit, has now basically been dropped because CRA believes it could have the viability of the Hamersley operation, which it controls.

ore industry than when it awarded probably its biggest-ever resources contract to the Brazilian Government-controlled group, CVRD.

Such a large contract should have banished any Australian thoughts of opening new iron ore mines before 1990, as such a venture would clearly only exacerbate the over-supply situation.

But some major groups are continuing to pressure the Japanese to allow the development of a new Australian mine, even though it has been generally acknowledged that it would not be needed until well into the next decade.

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A fifth possible venture, CRA-Hanwright's Marandoo deposit, has now basically been dropped because CRA believes it could have the viability of the Hamersley operation, which it controls.

Talk persists that the Japanese may move to nominate a new development before the end of this year, but Australia's keenness in this area would seem to be poor resources strategy. Despite Japanese pressure on Australia's share of its iron ore market, the four major iron ore mines in the Pilbara region of Western Australia, have fared moderately well on the price front in the past few years.

After a prolonged period when price rises for iron ore sold to Japan remained well below the inflation rate, Australian producers have received price increases of 7.5 per cent, 8 per cent and 17 per cent in the last three years.

But the price rises have also exposed another of the reasons why the Japanese are keen to enlarge their supply base—Australia's loss of competitive advantage.

Australia's argument that it should not lose its market share because its ore is cheaper has suffered markedly since 1979. At that time, an index of iron ore prices with Australia at 100 saw Brazil at about 116, Canada at 125, Chile at 129 and South Africa at 111.

Following the latest price rise, and the acceptance of a smaller lift by most other producers, notably Brazil, the differential is much smaller. The latest index would put South African ore at about 101, Brazil at 108, Canada at 108, and Chile at 116, against Australia's 100.

Australian producers can do little about the market situation but to compete on a landed cost, though Australia's financial and political stability should limit any Japanese diversification moves, especially as most of their other main suppliers are unlikely to solve all their political problems in the short to medium term.

Bruce Jacques

Coal is still Australia's leading foreign exchange earner.

Exports expected to treble by end of the century

ALTHOUGH under strong pressure from the world recession, the Australian export coal industry is in a rapid expansion phase that will last well into the 1990s.

Coal was Australia's first major export item, and remains its leading foreign exchange earner, but no commodity could better illustrate the exaggerated "boom and bust" syndromes that have pervaded the country's resources development over the past few years.

As it transpired, too much was expected of the industry in the 1970s, when the 1973 and 1979 oil price shocks turned the focus away from traditional coking coal to steam coal.

The world rush to turn back to coal as an energy source saw a plethora of new developments mooted, both in Queensland and New South Wales, and international investors queued to participate in the ensuing investment boom.

The pace of these developments has now been heavily reduced with the world recession and oil glut combining to limit immediate demand, although medium and long-term prospects remain strong.

Australia's "coal rush" of the late 1970s was spurred by the release of a major study of likely world coal demand by Prof Carrod Wilson, of the Massachusetts Institute of Technology. The study, entitled WOCOL: Coal, Bridge to the Energy Future, was released when reaction to the 1979 Iranian oil shock was at its peak.

So even if the timing and ultimate size of this demand turns out to be disappointing, the Australian coal industry will still be operating in conditions of rapid expansion.

Not surprisingly, much of the debate surrounding the industry in recent months has concerned the great physical problems of lifting production quickly to these levels. These problems, as much as the demand hiccup, have caused the previous boom mentality to evaporate.

The Australian Coal Association has for some time been expressing serious doubts about whether Australia could keep up with the infrastructural requirements of the expansion envisaged. In a recent submission to a Federal Senate committee in Canberra, the association said that to mine 250m tonnes of coal (both for domestic consumption and exports) by early next century would require an investment approaching A\$20bn.

This would mean investment in coal alone of about A\$1bn a year, escalating with inflation, for the rest of the century. The ACA submission also made brief remarks, which now seem prophetic, on other problems which coal expansion would bring, saying: "There has been a tendency for the community to assume that the coal export bonanza will fall automatically into Australia's lap."

"This, unfortunately, is a myth. It is possible that the potential benefit will be largely nullified through ill-defined taxation systems, through delays and muddle in providing infrastructure, and through endless round-robin strikes by a succession of different union groups."

"It must be recognised that coal is a widely-held resource and international competition in overseas markets will be keen."

higher figure a quadrupling. So even if the timing and ultimate size of this demand turns out to be disappointing, the Australian coal industry will still be operating in conditions of rapid expansion.

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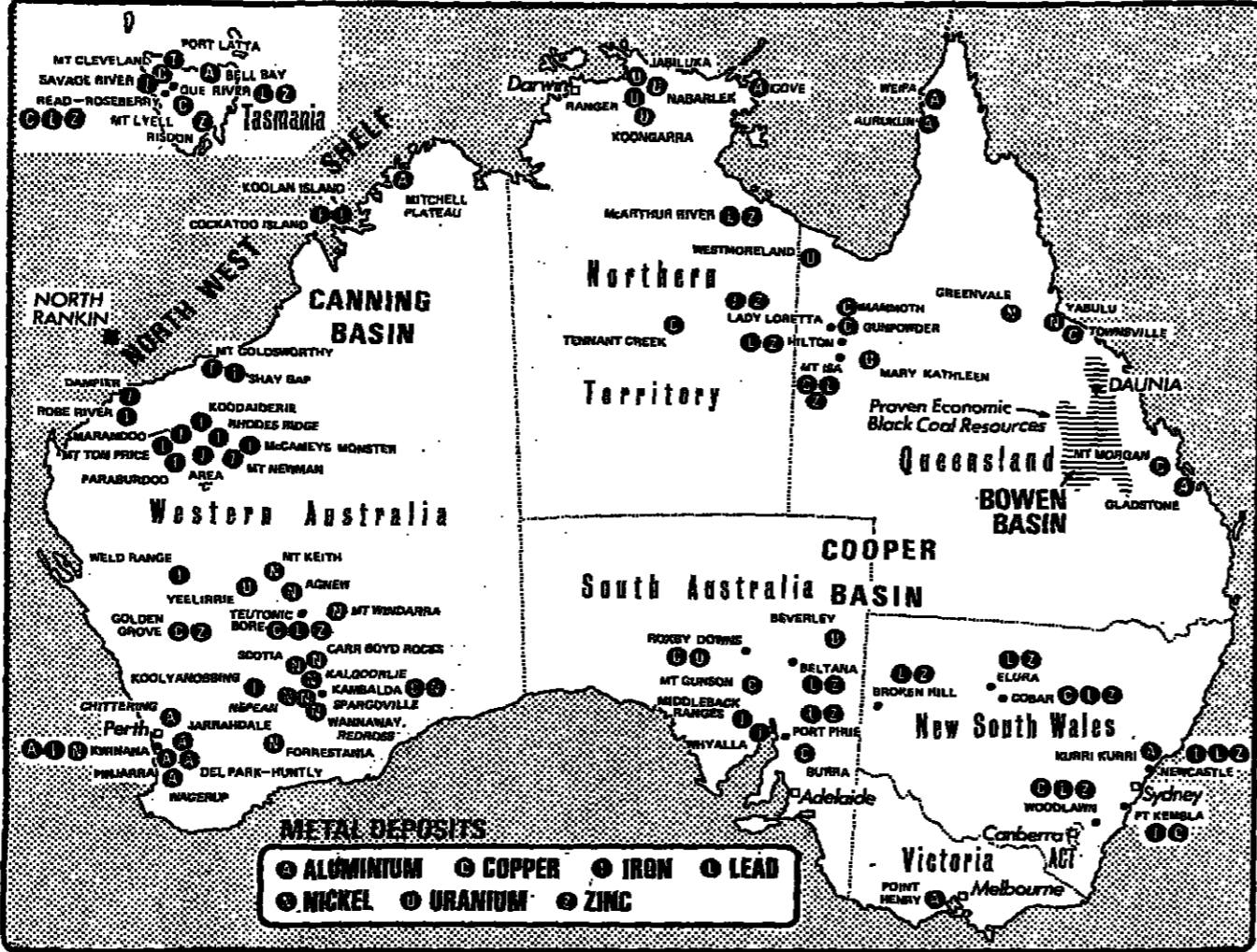
AUSTRALIA VII

Outcome of environmental and political disputes awaited

Future role in political melting pot

Uranium mining

AUSTRALIA has the potential to become a major supplier of uranium if the world nuclear power generating industry regains its momentum. But predictions as to the future role of uranium in the Australian economy are severely hedged about by the possibility of growing environmental concern within the country, and the possibility of serious political disputes. This was confirmed, yet again, when the Liberal-National Party Government announced last month that foreign interest would be offered up to 50 per cent of the equity if and when Australia made progress with plans for building a uranium enrichment plant. Plans for such a plant are being studied by the Uranium Enrichment Group of Australia (UEGA), a consortium of BHP, CSR, Western Mining, and Fawcett. At present, site evaluations are concentrated in areas near Brisbane, Queensland, and Adelaide, South Australia, though the Northern Territory State Government is expected to continue to press its case. The Federal Treasurer, Mr John Howard, said the Government's decision on a non-Australian equity involvement was based on realisation that substantial foreign capital would be needed for the project. The Deputy Prime Minister, Mr Doug Anthony, who is also Minister for Trade and Resources, said that although prospects for uranium enrichment were not favourable at present, they could well improve significantly by the 1990s. The Australian Labour Party replied that it was totally opposed to enrichment plants and that none would be permitted under a Labour Government, though earlier this year, at its national conference in Canberra, the ALP was reckoned to have softened its former opposition to uranium mining. But this is not so, even though senior mining executives doubt that Labour, if voted into power, would actually tear up uranium min-



ing and export contracts. Yet according to a statement by the Minister for National Energy and Development, Senator Sir John Carrick, dated July 8 1982: "Under the ALP's 'revised' policy there is no future for the uranium industry in Australia. At best its death (will be) perhaps a little slower. There will be no new investment, no new investment, no new jobs. How can this be called a 'softer' policy?" Significant exploration for uranium in Australia began in 1944 and production in 1954. Until 1980, estimated reserves in the "reasonably assured" category, recoverable at less than A\$80 per kilogramme,

were put at around 295,000 tonnes, about 16 per cent of the West's total in that category, though they have since grown significantly. Australian exports are still small, in terms of the world uranium trade, though it is felt that the country's large low-cost projects should be able to exploit the expanding demand expected in the late 1980s and early 1990s. According to the Bureau of Mineral Resources in Canberra: "Recent developments in the market have given rise to concern that current investment in exploration and development may fall short of the levels required."

But early estimates that Western Mining and BP Australia's huge Olympic Dam copper-gold-uranium-silver deposit in South Australia contains at least 1.2m tonnes of uranium oxide have transformed the picture. Yet the deposit is relatively deep, starting at about 350 metres down, which means that Olympic Dam's reserves could be substantially upgraded after further exploration. Apart from Olympic Dam, the Federal Government recently gave final approval for opening of the big Jabiruka uranium mine (Pan-Continental Mining and Getty Oil Development) in the Northern Territory. Mr Anthony said that agree-

ment to sink the mine meant that Australia was again on the map as a major world uranium producer, with initial output expected to be about 4,500 tonnes a year. He added: "Jabiruka is a world-ranking uranium deposit with total estimated reserves of more than 200,000 tonnes, and mining could now proceed in harmony with the aboriginal people and the environment." Other important uranium mines either in production or scheduled to begin producing include Roper and Nabarlek in the Northern Territory, and Yeelirrie, Western Australia. Michael Thompson-Noel

A sparkle in a depressed industry

ONE of the oldest minerals ever mined in Australia and a source of great wealth, along with one which is soon to be mined and is able to create equal wealth, are two of the bright spots in the local mining industry. The two are gold and diamonds. With most of the local mining industry in dire straits because of the downturn in world demand and prices, the two stand out as potential money spinners this year despite their own price vicissitudes. With the first commercial production of diamonds in Australia now only weeks away the CRA-led Ashton joint venture in the north-west of Western Australia is about to reap its first cash flow. According to the best estimates of the partners, CRA, Ashton Mining and Northern Mining Corporation, the joint venture could begin producing revenue next year at about A\$50m annually. This is a small start for the Ashton partners, which now probably have the biggest new diamond mine in the world, although gemstone counts are low and industrial stone counts high. Initial production from the area will be from alluvial and scree deposits and is expected to produce 5m carats annually in full production. But far more important for the partners will be the later mining of the most explored kimerlite pipe in the area, the Argyle pipe, where production is expected to be 25m carats a year and the average grade around 8 carats a tonne. The partners in the Ashton venture are currently completing research for the final feasibility studies on mining of the Argyle pipe and tying up details of the marketing arrangements, both independently and through De Beers. They are half-way through a programme of sinking six small

shafts on the prospect to provide much larger bulk samples from depth in the Argyle or AK-1 pipe than could be obtained from the large core drilling programme. The joint venturers will be better able to obtain an idea of grades throughout the pipe from the larger samples. But, mining of the Upper Smoke Creek alluvials now only awaits the final approval of the Western Australian Government for a go-ahead and this is expected within a few weeks. Two of the partners, CRA and Ashton Mining, which hold a 95 per cent interest in the joint venture, have formed Argyle Diamond Sales to market their shares of production. Argyle Diamond sales is 60 per cent owned by CRA and 40 per cent by Ashton. The third partner, Northern Mining Corp, will market its share of production independently. Average value In their latest report the Ashton partners indicated average value of Argyle alluvials was \$11 a carat while the average value of diamonds recovered from the Argyle AK-1 pipe was \$6.50. The largest diamond recovered from AK-1 surface sampling was 12.7 carats, while an industrial stone of 16.35 carats was recovered from Upper Smoke Creek. So far as Australian gold miners are concerned the world price has recovered enough at its present levels to warrant increased production from existing mines. It has also led to a slightly increased exploration effort, with most companies believing that the gold price will rise substantially in the not-too-distant future. For one company, Western Mining Corp, the biggest gold miner in the country, gold looks like providing its best financial

return in a year of low world prices for its other major product, nickel. In 1981-82 the company lifted gold production 68 per cent to 290,640 oz and this year is expected to lift it another 25 per cent to a further 100,000 oz. With recent new discoveries and additions to reserves it is likely that the company's gold

production will increase even further in 1983-84. Pelko-Wallsend is another major mining group relying on increased production of gold and higher prices to help it through the troubles that have plagued it in recent years. At its Tennant Creek mines in the Northern Territory it has closed its massive kimerlite copper operations to concentrate on gold and the mines are now operating profitably and efficiently on that basis. CRA is also seeking government approvals in the state of

Victoria to test a method of cyanide-based chemical recovery of the mineral which could lift the state to its 19th century glory as a gold producer. Other major gold producers include the Poseidon-operated Mt Charlotte Mine (100,000 oz a year), its Fitzstons leases (50,000 oz) and the BHP-operated Telfer mine in Western Australia (40,000 oz). In Papua-New Guinea Bougainville Copper also produces 300,000 oz a year from its BIS copper-gold mine. Ian Perkin

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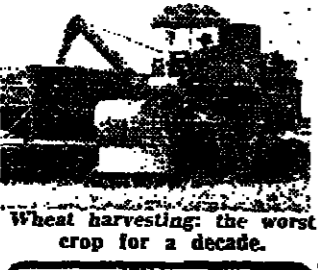


Sorting diamonds from concentrate at the Ashton Joint Venture in north-western Australia.

AUSTRALIA IX

Hard-hit agricultural sector struggles against not only drought but rising costs and poor world prices

Farmers facing worst drought of the century



Agriculture

NATURE HAS dealt Australian farmers an unusually savage blow this year. Squeezed between escalating farm costs and poor world prices the country's agricultural sector is now reeling from what many say is the worst drought this century.

At a time when the rest of Australia's economy is suffering the deprivations of recession (weak demand, high unemployment and production cut backs), the agricultural statistics make double depressing reading.

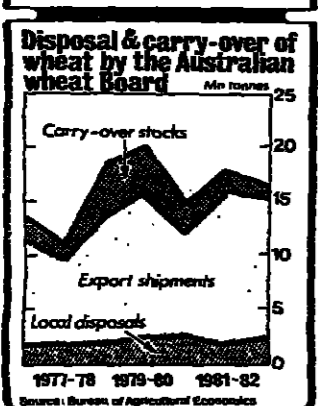
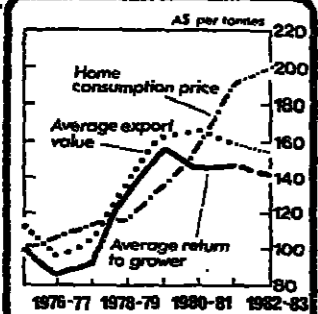


The drought scene at Walgett, New South Wales.

investment and sales of farm machinery, while sales of fertiliser, chemicals and consumer durables in rural areas is flagging.

last year (the second highest on record), the likelihood of improved meat sales (mainly due to premature slaughtering because of the drought) and an increase in dairy exports, the 7 per cent drop in farm export earnings would have been much greater.

from the government, which they say has for too long favoured an inefficient industrial sector and become too star-struck with the glimmers of mining. A high exchange rate policy and protectionism has, they say, worked to the serious disadvantage of agriculture.



At \$7.4bn, with wheat exports falling 11 per cent to \$1.55bn. Only high stocks resulting from last year's excellent wheat crop have prevented a much more dramatic overall decline.

The farm workforce, too, has declined steadily since the war, from around half a million to just 350,000 now. Nevertheless, agriculture still plays a crucial role in Australia's economy, and the sector's woeful performance this year is already making itself widely felt.

The picture could have been much worse. Had it not been for large wheat carry-over stocks following an excellent harvest

Meanwhile the government is likely to spend around A\$300m to A\$400m on drought aid this year, and farmers are using the crisis to argue for a better deal

Richard Cowper

No agreement yet on much-needed reforms

THE AUSTRALIAN beef industry is in a mess long before a diligent meat inspector in the U.S. discovered horse and kangaroo meat in imports from "Down Under."

In the days following the scandal, the Federal Government in Canberra ordered a Royal Commission investigation of the fiasco to dampen down the headlines. The inquiry was carried out by Mr Justice Woodward.

those responsible for the malpractices. More importantly, the U.S. is also extremely unhappy with Australia's present system of meat inspection at abattoirs.

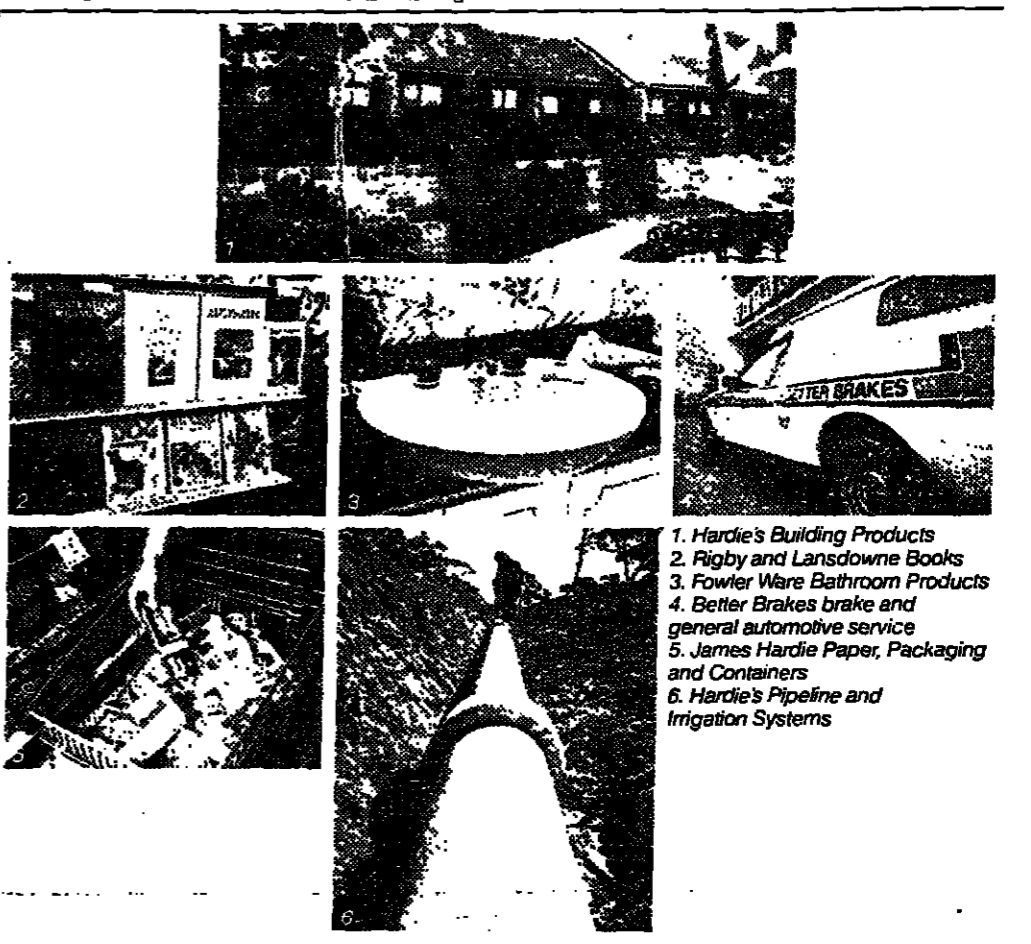
domestic market, this curious arrangement being typical of the inefficiency and fragmentation of control in the Australian meat industry.

At present, promotion of meat is the responsibility of the Australian Meat and Livestock Corporation, a federal statutory authority which is funded by growers and processors but responsible to the Federal Government.

Beef industry

bureaucratic groups charged with this responsibility. Mr Justice Woodward found that the Commonwealth Meat Inspection Service, which was and still is controlled by the Federal Department of Primary Industries, was riddled with petty corruption, the practice of paying bribes to Commonwealth meat inspectors having apparently become common.

Commonwealth inspectors are employed in large abattoirs registered for export, and often work alongside State inspectors who check carcasses for the



JAMES HARDIE THE NAME BEHIND THE NAMES IN AUSTRALIA

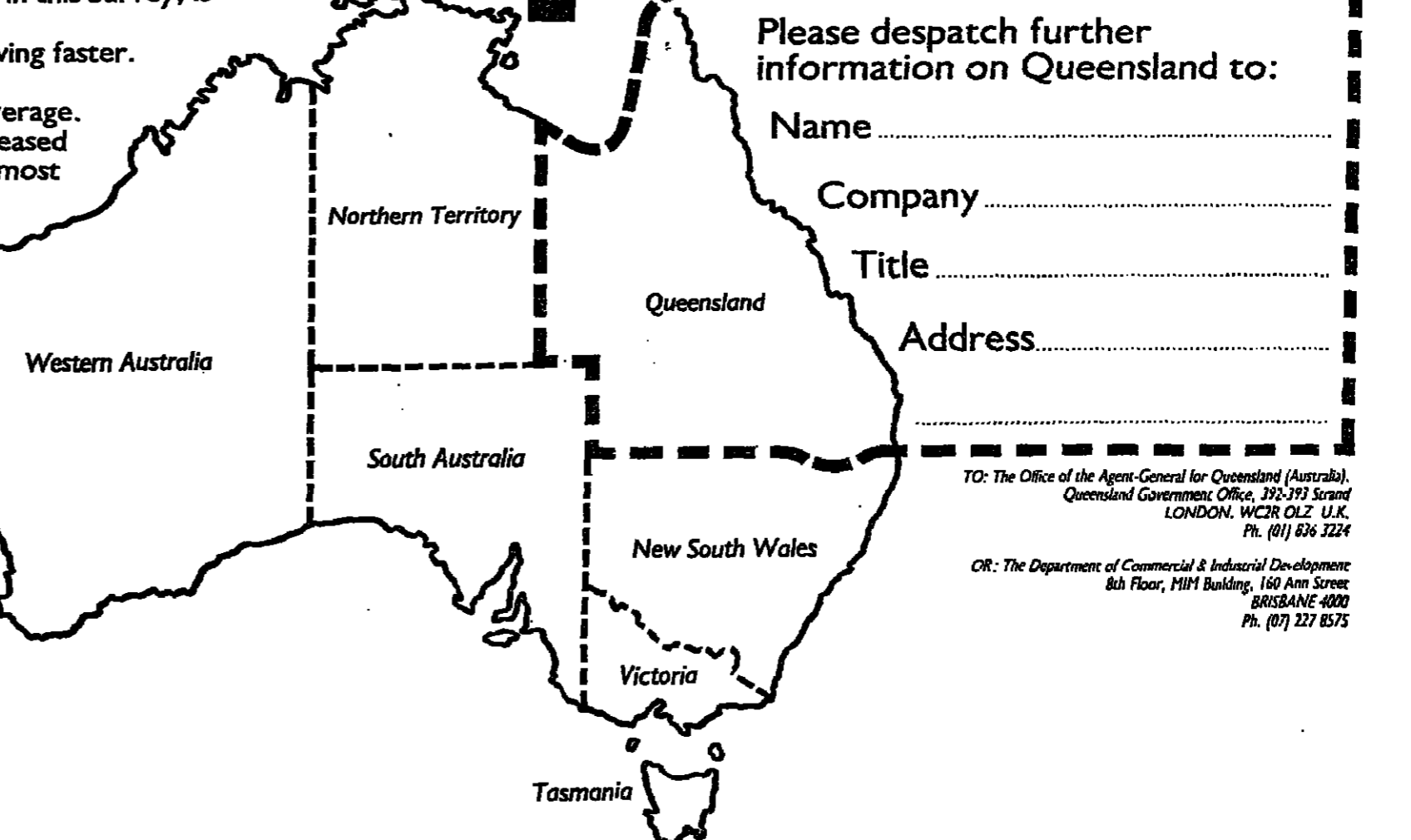
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BEEF AND VEAL: ESTIMATES AND PROJECTIONS OF AUSTRALIAN SUPPLY AND UTILISATION

Table with columns for Item, Unit, 1980, 1981, 1982, 1983, 1984, 1985, 1986. Rows include Slaughter, Production, Consumption, Exports (shipped weight).

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AUSTRALIA X

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QANTAS The Australian Airline.



Bright outlook despite drought

In Money Made Us, a perceptive study of the way economic values have shaped Australian society, author Donald Horne observed that the cult of the Merino, the sheep which forms about three-quarters of the Australian national flock, reached such heights between the two world wars that the Merino race could seem the typical Australian.

Wool

country's exports, when in reality, farm goods—particularly wool, wheat and beef—still reign supreme. Despite the drought that has ravaged the eastern Australian states, and despite the large number of sheep that have been slaughtered, the outlook for wool remains relatively bright—partly because of the sophisticated reserve price scheme and market support fund operated by the Australian Wool Corporation.

The poorest harvest for a decade

AUSTRALIA'S grain boom, which began in the early 1970s, has come to a shuddering halt this season as farmers harvest their poorest crop for a decade. Many drought-ravaged crops in New South Wales, Victoria and Queensland were fed to sheep and cattle in October, because all hope of producing grain had been crushed by cloudless skies and hot spring weather.

As a result, the area sown to wheat has almost doubled in the past 20 years, to an estimated 11.5m hectares this season, while wheat farming has become extremely mechanised. Grain experts believe Australia's grain output will continue to rise—despite this year's

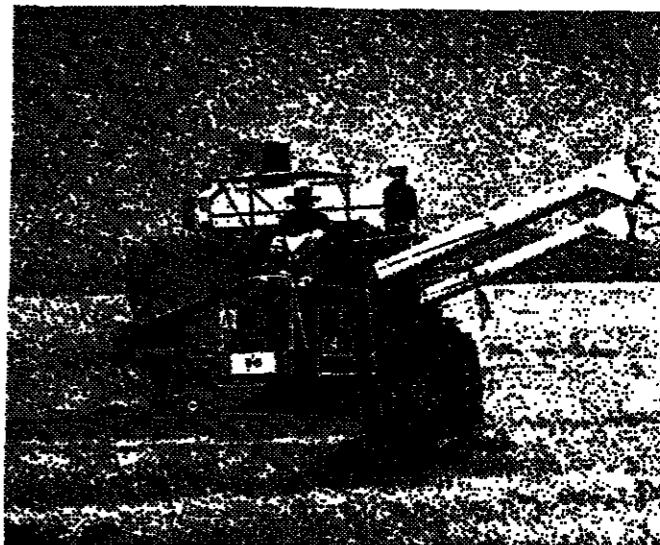
varieties especially suited to it hot, dry environment. Wheat, breeding in Australia is largely carried out by Government research stations which often lack both the money and the people to do the best job. Producers pay a levy of about 30 cents a tonne to wheat breeding research—an amount which most of them admit is far too low.

Grain

drought—and should reach 21m tonnes a year by 1990. Harvests could be even higher if world prices and seasons are more favourable than those prevailing this year. What is clear is that Australia has room to increase grain output because of the vast tracts of land still awaiting development. About 12m hectares suitable for cropping has not been touched by a plough, most of this land being in Queensland and Western Australia. The Australian wheat industry has also been hampered to date by a lack of world-class

Luckily, Australia has gained the services of a few top breeders who have beaten all the odds by developing some top-class crop varieties, so that the big plainslands of Australia—given good seasons—produce top quality grain keenly sought by countries around the world. The marketing of the crop is done by the Australian Wheat Board, which has a board dominated by growers. The board has been under attack for most of the past ten years because many producers believe it has lacked the commercial expertise to gain the best price for their grain. The criticism has not been unwarranted, and the Wheat Board has in general become more commercially minded in its dealings with grain buyers.

Michael Thompson-Noel



The area sown to wheat has been almost doubled in the last 20 years. Above: a harrow near Jugiong, New South Wales.

Model of an Australian country gentleman

Traditional farming

TO ALL appearances Jim Maple-Brown is the very model of an Australian country gentleman. Living in grand style in a Victorian mansion with 30 rooms on his 7,500-acre sheep station (valued at around A\$5m), he has like his ancestors before him, two enthusiasms—Merino sheep and polo.

So far it has not proved an easy task. "We've had terrific resistance because Merino stud farmers have traditionally been the social leaders of the whole sheep-farming community. My system takes the mystique out of breeding and does away with the great stud ram. It means that any farmer can now breed his own sheep successfully, and the God-given system takes the mystique out of breeding and does away with the great stud ram."

over a better product at a cheaper cost," he says. If he has his way the great curling horns which distinguish the Merino ram may soon be a thing of the past. To save on labour costs by removing the necessity of shearing horns he is now using his computer-based genetic selection methods to create a hornless breed of Merino ram. It will be a slow process but it can and must be done without loss of wool weight or quality, he says. In the not too distant future the Merino sheep might look even stranger. Scientists in Western Australia are now experimenting with a robot shearer. "If it's successful I'll be the first to use it," says Mr Maple-Brown. "But they may need me to breed the wool off the sensitive parts of the sheep first." It is a prospect that would no doubt cause Jim Maple-Brown's ancestors to turn in their wool-lined graves.

M. T.N.

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M. T.N.

AUSTRALIA XI

Mood of gloom settles on the bewildered Liberal-National coalition

Government faces tough problems

"LET THE contest begin" exclaimed one newspaper headline on October 19...

current Parliament until the end of next year, by which time the economy was unlikely to have recovered...

party's spokesman on employment and industrial relations, Mr Bob Hawke...

because of higher costs in unemployment benefit and drought relief. Mr Hawke claimed in Parliament that the Budget of August 17 had been "rigged" with an approaching election in mind...

So far the most damaging aspect of Mr Costigan's report, from the Government's point of view, has been the revelation of bureaucratic bungling and incompetence...

Political scene

the faltering economy and the run of damaging disclosures on the tax-avoidance front. There is a sense in which Mr Fraser, at least, has enhanced his personal standing by his determination against all opposition from within the Liberal Party...

The Prime Minister has insisted on the introduction of a retrospective tax Bill aimed at partly undoing the damage, while the Government has introduced legislation to establish a national crimes commission...

But the volatility of Australian politics is such that in early October, when Mr Fraser's political problems appeared to be multiplying, the Liberal-National Party coalition was shown in a Morgan Gallup poll published in The Bulletin magazine...

This was the coalition's highest popularity rating since early last January, though it was clear that worries about unemployment were not yet influencing the voters at large. Even so, speculation about an early general election was stirred yet again.

Michael Thompson-Noel

BNP Group advertisement for Banque Nationale de Paris, including Sydney branch details and UK subsidiary information.

Outback to academia - a Renaissance Aborigine

By even the most rigorous of standards, Eric Wilmot is a most unusual man. Perhaps best described as the Aboriginal answer to the renaissance ideal, he would in any country be regarded among the highest of men...

per cent of the land area of the Northern Territories - an area more than one and a half times the size of Britain. Over a period of 40,000 years, Aborigines learnt to live with the extremes of desert and tropics...

to Leonardo Da Vinci, he invented a mechanical sheep shearing handle, and took out patents on a design for a helicopter in 1906. He is also responsible for the latest departure in Eric Wilmot's life, and it's hard to see the one for which he is remembered best.

Profile ERIC WILMOT

an easy task. Europeans here won't be pushed into the sea. Fasting 'Go home White man' and engaging in violence won't work. They're tough bunnies. But we have discovered if you push them a bit in the right way, eventually you can get what you want.

Not content with inventing it and handing the idea over to a large company to market and develop, Eric Wilmot has now set up his own company (Cy Clo Transmissions) which is concerned with a number of other companies will develop and market its separate applications stage by stage.

Richard Cowper

STRONG WORDS FROM FEDERAL OPPOSITION LEADER The art of the political insult

THE ART of the insult is deep-rooted in Australian political life, so that the business of government appears genuinely to flourish on inventive abuse and abrasively plain speaking.

(The Crown Solicitor's office in Perth had figured prominently in the Costigan report.) In October, as the controversy over Federal Government's plans to introduce retrospective tax legislation got fully into its stride, Mr Hayden said: "All right, empty spaces in this country aren't in the outback. A lot of them are between the ears of ministers of the Fraser Government."

with what it now acknowledges were rubbery figures. By now, Mr Fraser was clearly exasperated by Labour Party taunts, while Mr Howard sought to call Mr Hayden's hand - claimed that the opposition leader's remarks were "artificial, blatant and contrived."

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AUSTRALIA XII

Despite the small numbers involved their rights have become a major domestic issue

Aborigines battle on with pride

AFTER ALMOST two centuries on the scrap heap of Australian society, Aborigines are now battling with pride, and some success, to obtain what they regard as their rightful place under the Australian sun.

Today Aborigines make up less than 2 per cent of Australia's predominantly European settler population, but despite their small number Aboriginal rights have become a major issue in Australian domestic politics. Early last month the Queensland riot squad arrested more than 200 Aborigines and their supporters who were demonstrating during the Brisbane Commonwealth Games to focus world attention on Aboriginal land rights claims.

At the time one of Australia's best known Aborigine civil rights leaders, Charlie Perkins, warned: "The surprising thing is that there has not been more violence in this country, more killings. We don't need that, Australia has too much greed."

When Captain James Cook landed in Botany Bay in 1770 the Australian continent was home to upwards of 300,000 Aborigines. After little more than a century of White settlement, disease, violence, and cultural disintegration had reduced their number to 60,000, many believed that complete extinction was only a matter of time.

The early colonial history of Tasmania provides perhaps the most chilling tale of disease, helplessness, from racism to a profound feeling of guilt, the Aboriginal rights question has even led to serious divisions between the country's richest state and the Federal Government. Queensland has raised the ire of Aborigines and Federal MPs alike for its racist attitudes and its paternalistic foot-dragging over land rights.

Many White Anglo-Saxon Australians find it difficult to look back at the growth of their nation without being reminded of the inhuman treatment meted out by their ancestors to the country's original inhabitants.

In the words of Neville Bonner, the first and only Aborigine to become a federal MP: "In early days we were a simple people—we saw no need for agriculture or industry. Less than 200 years ago came the White Man. My people were shot, poisoned, hanged, broken in spirit. They became refugees in their own land; but that is history and we take care now of the present."

And until two decades ago Aborigines were hardly regarded as Australian citizens at all. They weren't allowed to vote, they weren't included in the National Census, and they owned no land. In some areas states operated a system not dissimilar to that of apartheid. Aborigines were herded together on reserves and their freedom of movement was restricted.

Much of the apparatus of discrimination—though by no means all—has since been dismantled. In theory at least

Aborigines now have the same access to social security benefits, education, health facilities and housing as other Australians.

The government has also moved a long way towards accepting the argument that Aborigines need positive discrimination in their favour if they are to overcome the serious disadvantages which they have faced for so long. This year Australia will spend around A\$272m on special assistance to Aborigines throughout the country.

Both moderate and radical Aborigine leaders admit that there have been some notable gains, but they claim the sums spent are still too small and often misdirected. More than 20 per cent of Aborigines have never had any formal education and on nearly every statistical comparison it can be seen that Aborigines still suffer more from disease and ill health than any other identifiable section of the Australian population.

"Five times more could and should have been spent. Infant mortality, education and health are still all at unacceptable levels. It's all black money anyway, after all we are the original owners," says Charlie Perkins.

Infant mortality is approximately three times the national average with life expectancy at birth some 20 years less than the average Australian. Lack of education, training and skills means that Aboriginal unemployment is about six times the national average.

Aboriginal land rights

tions between some of Australia's oldest inhabitants and the white migrants whose descendants today rule modern Australia.

And until two decades ago Aborigines were hardly regarded as Australian citizens at all. They weren't allowed to vote, they weren't included in the National Census, and they owned no land. In some areas states operated a system not dissimilar to that of apartheid. Aborigines were herded together on reserves and their freedom of movement was restricted.

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Aboriginal land and population by State (Areas in sq kms)

State	Aboriginal land	Area of land and per cent	Aboriginal population	Total population	Aboriginal proportion of total population (per cent)
NSW-AGT	472	804,000 (8.03)	26,190	5,464,480	0.66
Vic	20	227,600 (0.81)	9,057	3,948,600	0.15
Qld	30,470	1,727,200 (1.74)	44,688	2,345,388	1.91
SA	197,269	984,000 (10.50)	9,825	1,319,200	0.74
WA	218,786	2,623,000 (8.66)	31,351	1,299,100	2.41
Tas	1	67,800 (0.601)	2,688	427,200	0.63
NT	389,731	1,246,200 (28.85)	29,088	122,800	23.69
Total	746,152	7,682,200 (9.71)	139,897	14,926,500	1.07

In the 1981 census 159,897 people identified as Aboriginal or Torres Strait Islanders, the latter numbering 15,232. About 40,000 of these are estimated to be of full Aboriginal descent. Note: The classification Aborigine is made on the basis of self-identification.

Source: 1981 National Census

But for many Aborigines—particularly the 40,000 or so pure-blooded inhabitants who have never intermarried—these inequalities pale into insignificance at the mention of one magic word: "land."

Of all the injustices it is dispossession of their traditional lands which is the loss they feel most keenly. Many Aborigines still have a social, religious and mystical affinity with their land which is fundamental to their identity.

Until half a decade ago there were virtually no Aboriginal land rights at all.

In the late 1960s and early 1970s a potent combination of White liberalism, and a growing militancy among Aboriginal Black activists turned land rights into a major political issue.

Labour Prime Minister Gough Whitlam appointed a Royal Commission and the result was the Federal Government's Aboriginal Land Rights (Northern Territory) Act of 1976. For the first time it allowed Aborigines (though only those from this one state which was then directly ruled from Canberra) to gain title to existing reserve land and to make claim to other lands on the basis of traditional ownership. For Aborigines—whose connection with the land could be said to go back perhaps 40,000 years—it was a major breakthrough.

Richard Cowper

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For amazing investment potential, the amazing tourism market in Queensland, Australia, offers a wealth of promising opportunities. Already, in the first nine months of 1982, proposed tourism investment here has grown by 41.9% over last year's entire total to \$2 billion. With the construction of two international casinos, the focus of the Commonwealth Games, and the increase in international flights to Queensland, this growth is expected to accelerate dramatically. Plus Queensland's amazing sun, sand, surf and Barrier Reef offer many untapped development opportunities.

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The total will rise by 8 per cent this year

Number of new settlers well up this year

Immigration

IN A world where more and more countries are tightening their immigration laws or closing their doors completely against foreign arrivals, Australia remains one of the few that still actively encourages immigration on any scale.

For political refugees (notably Poles and Vietnamese boat people) and others dreaming of starting life anew in a "promised land," there is little doubt that Australia is one of the most preferred destinations.

True, like everywhere else, Australia has been hit by the world economic recession and has this year begun a crack-down on illegal immigrants as well as toughening up the eligibility criteria for independent settlers who do not have close relatives already settled in the country.

The country is now suffering its worst unemployment since the 1930s, and in public the Government has been quick to make political capital out of its determination to free

thousands of jobs" by eradicating 40,000 illegal workers. It has also gone some way towards ensuring that new migrants do not compete with locals for existing jobs by refusing even to consider applicants who want to work in areas where job demand and supply are deemed to be in balance.

These new policies seem unlikely to make a significant impact on unemployment figures, and—for the present at least—do not reflect any top-level decision to reduce overall immigration numbers. In fact, they may well be more than offset by a new policy of making it slightly easier for close relations of Australians to gain entry.

Even with tougher entry requirements for so-called "independent migrants," immigration officials say the number of settlers will be two and a half times as many in 1981-82, 119,000 immigrants arrived in Australia. For 1982-83 officials say they are preparing for 129,000 or more—an increase of at least 8 per cent.

If the recession deepens further and Australian unemployment continues to worsen the political pressure to cut immigration numbers may prove irresistible, however. In the 1930s numbers fell drastically from an average of about 30,000 a year in the 1920s (when immigrants from the UK were known as "New Chums"), to an average of just 6,000 a year.

Now, the fact remains that Australia is still one of the most underpopulated countries on earth despite two centuries of steady immigration. With a land area of approximately 3,000 sq miles (only slightly smaller than the U.S.) its 15m population in nearly the same as that of New York City and its suburbs or Czechoslovakia.

Largely for reasons of defence and potential economies of scale, Canberra would like to see a much larger population. The fundamental reasons for encouraging continued large-scale immigration are what they always were. In the words of Australia's first Immigration Minister, Arthur Calwell: "The vanguard of the hundreds of thousands, and ultimately the millions of new citizens who will help to push back our frontiers, expand our industries... and build us into a powerful nation secure in our peace-loving land."

The Government has no fixed long-term population target, but immigration officials say that about 20m people by the end of the century is the most commonly accepted objective. Natural population growth is currently running at just 0.8 per cent a year. If 20m is to be reached, the average annual net immigration will have to continue at more than 100,000 for the next 30 years.

However large the number of new settlers Australia gives a home to over the next few decades the Antipodean continent will continue to remain a

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Wanara No. 1, exploratory well in the Cooper Basin, flows gas from the Permian—a new field discovery.
Waggamba No. 1, exploratory well in the Surat Basin, discovers new oil and gas field in the Permian.

JANUARY 1982
Crusader announces 1982 drilling programme of 66 exploratory and development wells.

FEBRUARY
Strzelecki No. 6, development well, flows at 1125 barrels of oil per day from the Jurassic Namur Sandstone.

MARCH
Marabooka No. 2, appraisal well in the Cooper Basin, flows 9.5 million cubic feet per day from the Permian to confirm new field for early gas unit production.
Strzelecki No. 7 flows 320 barrels of oil per day from the basal Namur, a new zone discovery and later 4267 barrels of oil per day from the Jurassic Hutton Sandstone, a new onshore Australian record.

APRIL
Yellowbank Creek No. 2, exploratory well in the Surat Basin, flows oil at 1950 barrels per day from the Triassic—a new field discovery. Producing 300-400 barrels per day on extended production test.

MAY
Strzelecki No. 8 has small gas discovery in the Cretaceous, and confirms additional oil pay in the Jurassic.

JUNE - JULY
Strzelecki No. 10, gas field appraisal well, flows up to 18.14 million cubic feet from tests in the Permian Toolachee Formation and discovers oil in the basal Toolachee Sandstone. Strzelecki Nos. 9, 11 and 12 completed as Jurassic oil wells.

AUGUST
Yellowbank Creek No. 3, appraisal well, flows oil at 590 barrels per day to confirm new oil field. Crusader announces a consolidated net profit after tax and minority interest of \$3,041,000 for the year ending 31. May 1982, an increase of 88.4 per cent over the previous year.

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